

ENDUMENI MUNICIPALITY



ANNUAL REPORT 2013/2014

CHAPTER 1



CHAPTER 1

Chapter 1: Mayor's Foreword and Executive Summary

1. Component A – Mayor's Foreword
2. Component B – Municipal Manager Foreword
3. Component C – Municipal Overview



CHAPTER 1

1. Component A – Mayor's Foreword

Foreword by his worship, the Mayor Cllr TM Mahaye. The 2013/2014 reporting year is crucial. It is the centre of service delivery and a gateway to clean audit.

May I express my gratitude to the progress that Endumeni is making especially in aligning itself to its IDP and the NDP as part of vision 2013. In the previous financial year the issue of revenue enhancement policy was sharply raised and we have started to deal with the issue of electricity theft, meetings have been conducted in all corners of our municipality including the churches. The unity that now prevails in the council chamber is a reflection of a good story to tell.

Previously I spoke of housing backblocks, now we celebrate as Endumeni as we have started to build at Buffer Strip - Section 19, and we will continue to build at Dlamini Village, Craigsdale, and Forestdale. Social compacts and a list of beneficiaries have been finalized.

History is being made as Thelaphi, Busi Area and Kameelkop has been electrified. The program continues at Straat Ford farm. 2011-2014 we have a good story to tell.

The following challenges remain:

- Unemployment
- Poverty
- Inequality

The skills development and capacity building is on the main agenda of Endumeni Municipality. We welcome the new institution of higher learning – Dundee FET College

Together we can make a difference as complemented by our slogan **"TOGETHER IN PROSPERITY"**

I thank you.

CLLR T M MAHAYE



CHAPTER 1

2. Component B – Municipal Manager Foreword

This is the Annual Report of Endumeni Municipality for 2013/2014 which outlines the achievement and set objective targets as per Endumeni Strategic Plan (IDP).

The financial year 2013/2014 has been characterized by process of transition where there was instability within the administration of the municipality. We have Senior Managers in acting capacity for quite some time, with the Municipal Manager being suspended and suspension withdrawn and service delivery protest which nearly destroy the credibility and the image of the organization. However, there is also a good story to tell with regard to projects implementation some of which are in progress, some completed and others on the way. The following projects were implemented:

1. Sithembile Phase 2 Housing Project to construct 492 RDP Units;
2. Buffer Strip Greenfield Housing Project to construct 200 RDS Units;
3. Buffer Strip 3 Colley Street Greenfields bulk infrastructure and road construction for 250 RDP Units;
4. Stradford Farm Rural Electrification of 333 houses and
5. Busi Phase 2 and Busi Extension rural electrification of 285 houses.

Further the challenges of electricity theft have impacted negativity in the municipality. Hence the Council took a decision to engage the service of professional company to deal with electricity theft, which means moving forward the collection of revenue would increase.

It is also important to mention a huge increase on nonpayment of consumer account amounting millions of rands, and Council has introduced debt relief on indigent customers and on other household's customers.

In conclusion, this annual report, outlined activities of the year under review. This report reflects departmental success, achievements and challenges. Some of these Departments like Finance still face serious challenges. However we believe all is on the right track in achieving the strategic objectives of the Developmental Local Government.

Lastly, I wish to thank all stakeholders of Endumeni Municipality for their support, this include among others, Ratepayers, NGO's, Church Leaders of Political Parties, Individual Residents, Audit Committee members, Youth Organizations.

I would like also thank the Mayor, Speaker, Councillors, Colleagues, Staff, for their support and patience and believing that we shall overcome.

I thank you

S.P. ZULU

ACTING MUNICIPAL MANAGER

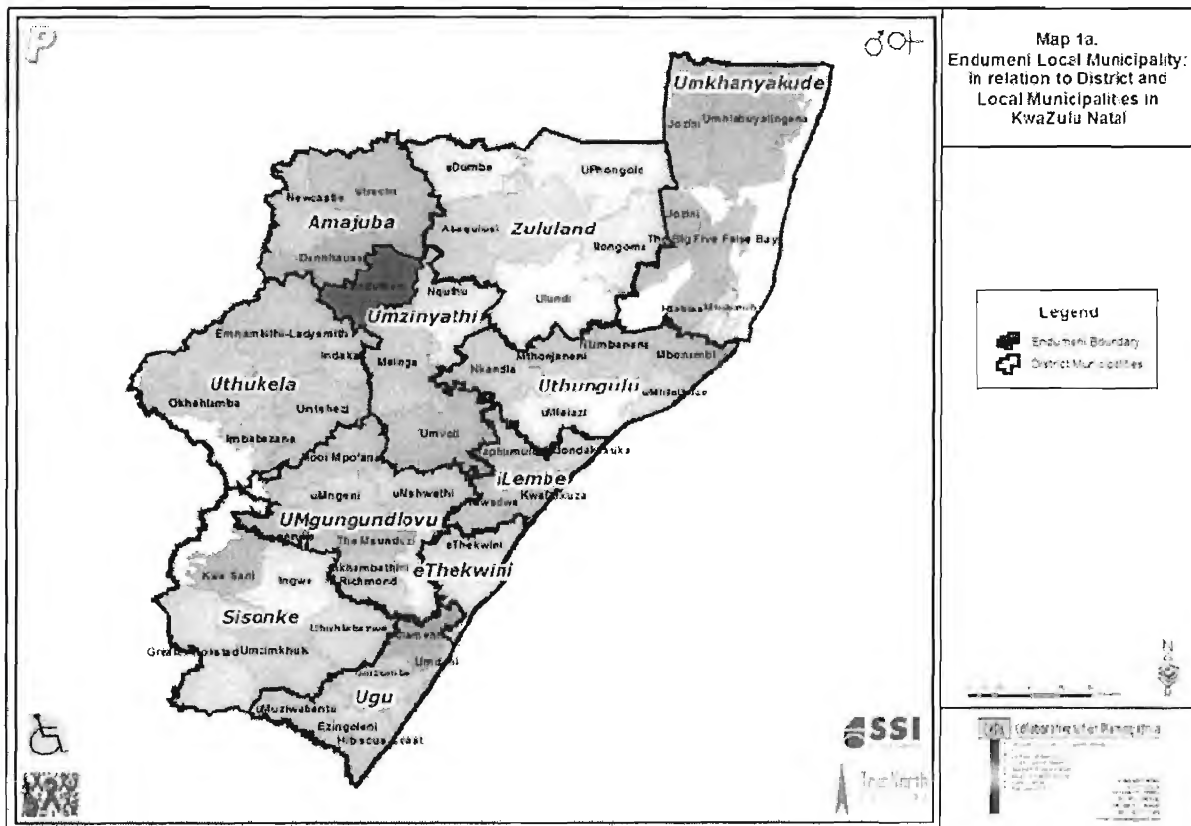


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3. Component C – Municipal Overview

Geographical area

Endumeni Municipality is located 360 kilometers South East of Johannesburg and 290 kilometers North of Durban. The area is in the Biggarsberg Valley in the foothills of the Drakensberg. The Municipality is generally accessed by turning off the N3 highway onto the N11 then proceeding onto the R68 into the Municipal area.



Endumeni municipal area is one of four local authorities forming the uMzinyathi District Municipality. The local municipalities comprising the District are:

- Endumeni (KZ 241)
- Nqutu (KZ 242)
- Msinga (KZ 244)
- uMvoti (KZ 245)



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Endumeni has the smallest population but the largest economy of the local authorities in the District, focusing as it does on the main urban areas of Dundee and Glencoe.

For detailed locality maps of the area and a list of the farms of which the area is comprised, reference should be made to the above-mentioned document.

Demographic/Social Issues

The Endumeni Municipality (KZ 241) comprises the towns of Dundee, Glencoe and Wasbank, together with a number of farms astride MR 33, MR 68 and DR 602. It should be noted that no Ingonyama Trust land is located within the Municipal Area.

The population of the Local Authority area, as determined in the 2011 census, was 64682 people, of which 54449 were of African origin. The gender split was relatively evenly balanced at 33225 for females to 31637 for males. The majority of the population (40206) was under the age of 29 years old, with 20543 being of school going age at between 5-19 years of age.

Despite the large percentage of very young people, the population pyramid does not indicate the normal situation of a large base with most people being in the youngest age groups (under 4 years). In this instance, there are more people in the age group between 15 and 19 years, than 0 to 4 years. It is apparent that the higher infant mortality rate can be directly related to the HIV/AIDS pandemic.

15% of the population of Endumeni has no education. This comprises mainly those over the age of 50 years. A relatively high percentage (14%) of the population of the Municipal area has a senior certificate, tertiary or other higher education. This augurs well for the future economic development of the area. There is nonetheless a shortage of schools to serve the education needs of the area's population.

Per capita income is generally low, with 54% having no income, and 25, 55% earning less than R18 000 per annum.

Over 75% of the population of Endumeni lives in formal urban housing, whilst another 10% of the community lives in informal housing in Endumeni. Thirteen Percent of the population lives on rural farms in the area. Present estimates are that an additional 1750 sites are required.



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Economic Matters

The key economic sectors in terms of the 2007 Census (2011 Census has not released these figures yet) data within Endumeni included:

• Social Services	-	22,16%
• Trade	-	13,64%
• Private household/domestic workers	-	13,49%
• Farming	-	9,57%
• Manufacturing	-	7,39%
• Business Services	-	4,93%
• Construction	-	4,5%
• Transport	-	4,48%
• Mining	-	1,47% and
• Utilities	-	1,03%

This highlights the dominance of the service centre nature of the local economy, with the social services and trade sectors comprising 35% of the economy. It also highlights that Endumeni has a relatively well diversified local economy.

Tourism in particular, contributes significantly to the economy of Endumeni. This is dominated by cultural tourism, bearing in mind that Dundee is centrally situated to a number of Anglo-Zulu and Anglo-Boer war battlefields. The local Museum, Talana Museum, is one of the foremost museums in the country.

Dundee forms a pivotal part of the northern KwaZulu-Natal tourism route, as well as itself being a tourist destination.

It is also abundantly clear that the dominance of the mining and agricultural sectors of the early days is long gone. This provides an overview of the context within which the review of this IDP is founded.



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ENDUMENI MUNICIPALITY



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Chapter 2: Governance

1. Component A – Governance Structure
 - 1.1. Political Governance structure
 - 1.2. Administrative Governance Structure
2. Component B – Intergovernmental Relations
3. Component C – Public Accountability and Participation
4. Component D – Corporate Governance
 - 4.1. Risk Management
 - 4.2. Anti-corruption and fraud
 - 4.3. Supply Chain Management
 - 4.4. By-laws
 - 4.5. Websites
 - 4.6. Municipal Oversight committees



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1. Component A – Governance Structure

1.1. Political Governance structure

The Endumeni Council has, in accordance with Section 43 of the Municipal Structures Act No. 117 of 1998, established an Executive Committee comprising of three members.

The Executive Committee is chaired by the Mayor, while the Council is chaired by the Speaker in terms of Section 48 and Section 36 of the Municipal Structures Act (117 of 1998) respectively.

The Executive Committee functions under delegated authority of the Council, except for those powers and functions as determined by Section 160 of the Constitution of South Africa 1996. The Endumeni Municipality is demarcated into 6 wards with active ward committees.

The purpose of the Ward Committees is to assist the Ward Councillors with organizing, consulting and the cascading of information to all stakeholders of the various wards.

The office bearers of the local municipality are as follows:

Speaker:	Cllr S B Mdluli:	ANC	} Executive Committee
Mayor:	Cllr T M Mahaye:	ANC	
Deputy Mayor:	Cllr T B Mkhize:	NFP	
Exco Member:	Cllr A M Raubenheimer:	DA	

Committee allocation and Council attendance

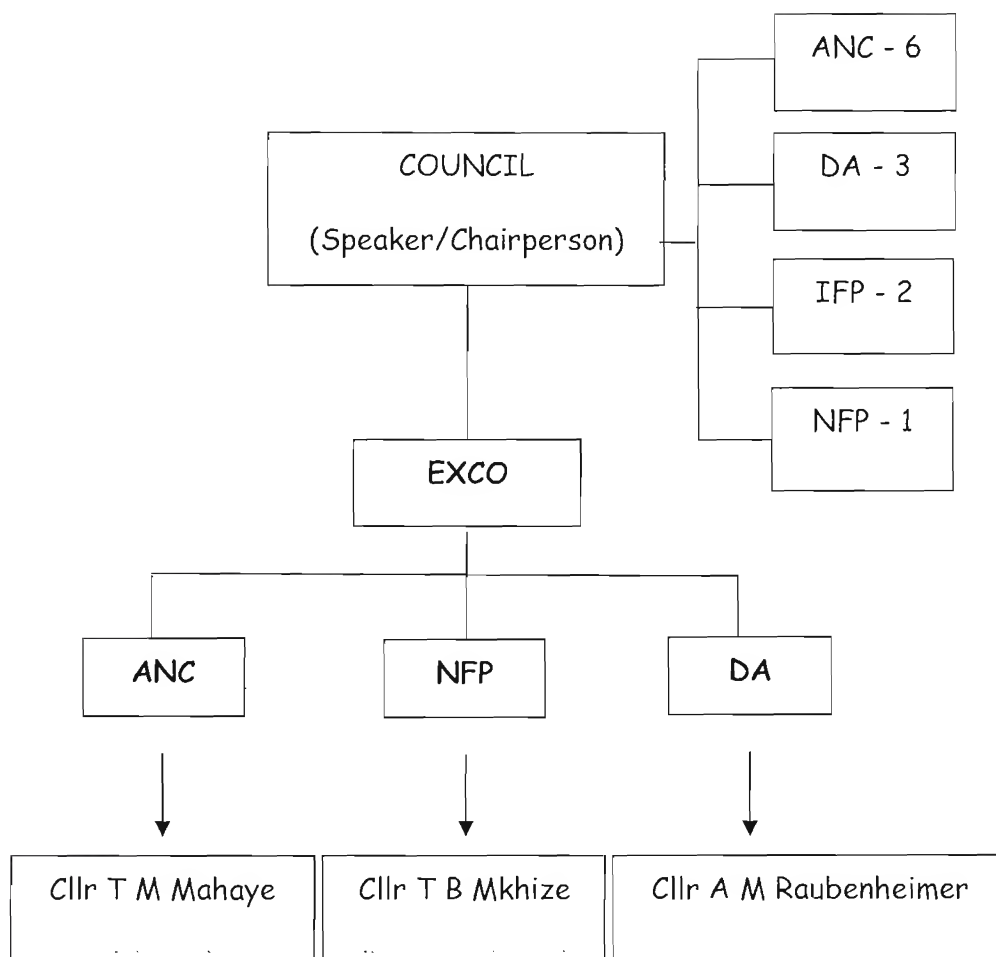
Endumeni Council:

Adam E M	DA	-	PR
Dhlamini S W	ANC	-	Ward 1
Mahaye T M (Mayor)	ANC	-	PR
Makaba Ms T I	ANC	-	Ward 6
Mbatha W N (Ms)	IFP	-	PR
Mdluli S B (Speaker)	ANC	-	Ward 5
Mfeka J A	DA	-	PR
Mkhize T B (Deputy Mayor)	NFP	-	PR
Ngobese H S B	ANC	-	Ward 4
Raubenheimer A M (Exco Member)	DA	-	Ward 2
Zwane M H	ANC	-	Ward 3
Cllr N S Ntuli	IFP	-	PR



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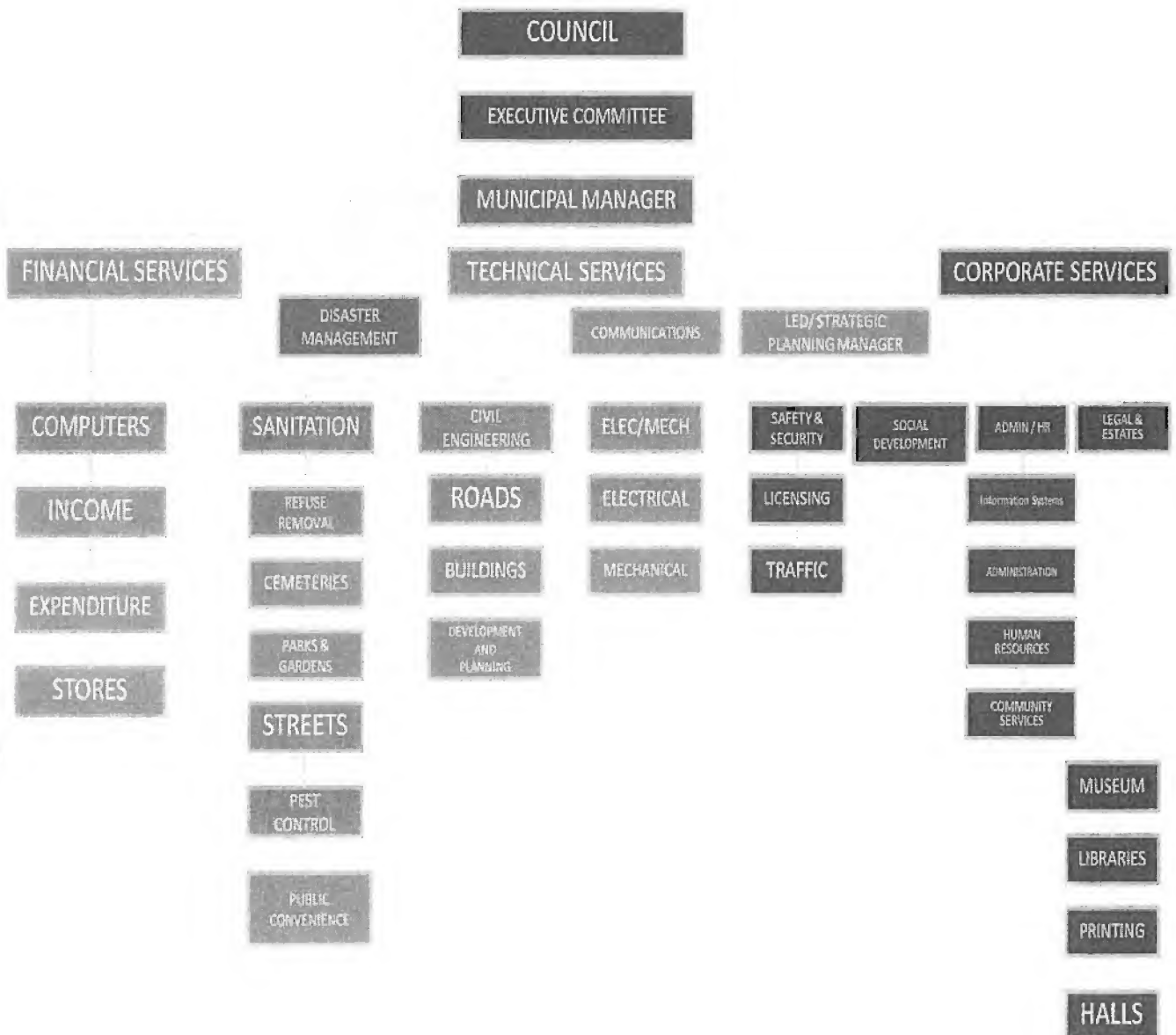
Political Structure:





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1.2. Administrative Governance Structure





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Labour Forum:

The Mayor,
Cllr T M Mahaye
Cllr H S B Ngobese
Cllr Ms W N Mbatha
Cllr J A Mfeka

Staff Disciplinary:

Officials of Council

Staff Disciplinary Appeals:

Officials of Council

Tender:

Officials of Council

Local Economic Development Forum:

Cllr A M Raubenheimer
Cllr M H Zwane
Cllr N S Ntuli

Employment Equity/Skills Development Forum:

Cllr Ms T I Makaba
Cllr N S Ntuli
Cllr E M Adam
Cllr T B Mkhize

SCOPA:

Cllr Ms W N Mbatha
Cllr M H Zwane
Cllr E M Adam
Cllr S W Dhlamini
Cllr H S B Ngobese
Cllr J A Mfeka

Assessing Committee for Municipal Manager:

The Mayor,
Cllr T M Mahaye
Cllr S W Dhlamini
Mr N U Rajkumar;
Name & designation of Ward Committee member nominated by Mayor Secretariat: Mr A J van Wyk



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Assessing Committee for Section 57 Managers reporting to Municipal Manager:

Municipal Manager

Chairperson: Audit Committee

Cllr T M Mahaye (Mayor)

A Municipal Manager of another Municipality

Mr M B H Nakooda

Secretariat: Mr A J van Wyk

Budget Steering Committee:

The Mayor,

Cllr T M Mahaye

Cllr A M Raubenheimer

Cllr Ms W N Mbatha

Municipal Manager

Chief Financial Officer

Executive Manager Technical Services

Senior Financial Officer

Executive Manager Corporate Services

Endumeni Local Aids Council:

Cllr T M Mahaye (Mayor)

Cllr Ms W N Mbatha

Cllr Ms T I Makaba

Endumeni Local Municipality Bursary Committee:

Cllr M H Zwane

Cllr T B Mkhize

Cllr A M Raubenheimer

Cllr N S Ntuli



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BODIES/INSTITUTIONS

KwaZulu-Natal Joint Municipal: Representatives: Cllr H S B Ngobese
Cllr E M Adam
Alternate: Cllr M H Zwane
Cllr N S Ntuli

SALA Pension Funds: Representative: Cllr T B Mkhize
Alternate: Cllr S W Dhlamini

Pension Fund (Councillors): Representative: Cllr T B Mkhize
Alternate: Cllr J A Mfeka

Kwanaloga: Representatives: The Mayor, Cllr T M Mahaye
The Municipal Manager
Alternate: Cllr T B Mkhize (Deputy Mayor)

Dundee & District Agricultural Society:

Cllr Ms T I Makaba
Cllr H S B Ngobese

Talana Museum/Endumeni Tourism Battlefields Route Committee:

Cllr S B Mdluli
Cllr N S Ntuli
Cllr M H Zwane

KeyHealth Medical Scheme National Council for the Aged:

Representative: Cllr E M Adam
Alternate: Cllr S B Mdluli

Kwanaloga Labour Relations: Representative: Cllr S B Mdluli
Alternate: Cllr J A Mfeka

Community Police Forum: Cllr S W Dhlamini Wasbank
Cllr M H Zwane Glencoe
Cllr Ms T I Makaba Dundee

Environmental Education Centre:

Cllr S W Dhlamini
Cllr Ms T I Makaba



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Fire & Emergency Services Co-ordinating Committee/Rural Metro

Cllr H S B Ngobese

Senior Manager: Safety & Security

Endumeni Disaster Management Portfolio Sub-Committee

The Mayor, Cllr T M Mahaye

Cllr Ms W N Mbatha

Cllr H S B Ngobese

Municipal Manager

Executive Manager Corporate Services

Chief Financial Officer

Senior Manager: Safety & Security

Manager: Disaster Management

Executive Manager Technical Services/IDP Manager

PORTFOLIO COMMITTEES

Municipal Manager

Cllr A M Raubenheimer

Cllr H S B Ngobese

Cllr N S Ntuli

Corporate Services

Cllr T B Mkhize

Cllr J A Mfeka

Cllr W N Mbatha

Finance

The Mayor,

Cllr T M Mahaye

Cllr W N Mbatha

Cllr A M Raubenheimer

Technical Services

The Mayor,

Cllr T M Mahaye

Cllr E M Adam

Cllr N S Ntuli



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IDP ORIENTATED STRUCTURES

Ward committees

Speaker, Cllr S Mdluli

IDP Rep forums

The Mayor, Cllr T M Mahaye

IDP Steering Committee

The Municipal Manager

District IDP/LED Technical Forum

District IDP Manager and LED Manager

IDP Public Participation

.Steering Committee	
11 October 2012	Council chamber
Strategic Planning Session	
28 February 2013 to 01 March 2013	Battlefields Country Lodge
Representative forum meeting	Actual date
1 st Rep Forum	18 October 2012
2013/14 IDP Budget and Public Engagement Meeting	16 April 2013
2 nd Rep Forum	14 May 2013
Community Based Planning	
21 – 25 January 2013	Ward 4 – Pilot workshop
18 – 22 February 2013	Ward 1 – 3 & 5 - 6



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2. Component B – Intergovernmental Relations

Intergovernmental Department	Nature of Relationship
1. Department of Human Settlements	The Department of Human Settlements identify the need for RDP housing. Once the needs are identified, DHS provides the funding and oversight for the registered housing projects at Endumeni Municipality.
2. Department of Energy	The Department of Energy provide funding for the electrification of municipal and Eskom areas of supply.
3. Department of Environmental Affairs	Greening and landscaping of Municipal owned vacant land for recreation purposes, Isibanisolwazi Training and project services.

3. Component C – Public Accountability and Participation

Participation Community and Stakeholder Participation:

A key form of promoting community involvement is through the Ward structures. Ward Committees are in place, and meetings generally take place as per an approved IDP/Budget/Community involvement Process Plan. These committees were utilised during the IDP process, although their function is not to deal exclusively with IDP related matters. The following ward committee meetings occurred and they were specifically focused on IDP/BUDGET/PMS AND COMMUNITY related matters:

There was consensus that the Ward Committee system is being used effectively in achieving meaningful community involvement in the IDP process. These committees are comprised of members of the community who are elected to serve on them. These meetings are successfully used to identify and prioritise community needs at local level. The FINAL IDP project list and the FINAL Council budgets are also debated at these 'forums' in order to develop a participative IDP Review process each year.



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Other stakeholders, such as business and community organisations and any other interested and affected party are encouraged to attend and serve on the IDP Representative Forum. This Forum has good and diverse representation. All of the key informants to the IDP were represented and discussed at the various Representative Forum meetings.

It is clear that these meetings have performed their function well in that meetings have been well attended, participation was enthusiastic, and such matters as the Vision and Mission of the Municipality have been ratified, the integrated, gender, poverty and ICT issues were enthusiastically debated and the economic analysis was thoroughly discussed.

Use of the IDP Guide Pack

Endumeni had access to the DPLG Guide Pack and this was used as a reference medium for developing the IDP and Process Plan. All of the key informants agreed that the Pack is good, effective and user-friendly.

Access to Support Systems such as the PIMMS Centre

Endumeni made use of the PIMMS Centre, which is within walking distance from the Municipality's offices. The staff from the Centre attended meetings, and the Centre was mainly used for advice in interpreting the Guide Pack. Most of the interviewees were not aware of the IT information provided by the PIMMS net. There is agreement that the Centre provides a good, efficient and effective service to the Municipality and hence should continue providing services

Integration of Plans and Processes

During the 2013/2014 IDP process there was consensus that the strategies in the IDP document do address priority issues that are reviewed each year and revised through an inclusive and participatory process. This also serves to ensure that the document addresses both the rural and urban issues although the rural and urban development requirements often differ considerably. An emphasis was placed on integration in phase three and four of this IDP process in order to ensure further improvement on the March 2010 preliminary assessment process.



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Alignment with Sector Departments

Endumeni along with the other locals in the district came together with the district municipality to do an IDP/LED Planning Sessions with Sector Departments. The sessions ensured maximum alignment in terms of future projects between the municipalities and sector departments.

The session was a success and the municipality managed to obtain most of the programmes and projects from the sector department which will be implemented within Umzinyathi District Municipality. The sector departments that were present are as follows:

STAKEHOLDERS PRESENT	STAKEHOLDERS PRESENT
<ul style="list-style-type: none">• Department of Agriculture, Environment Affairs and Rural Development• Department of Economic Development and Tourism• Department of Rural Development and Land Reform• Department of Economic Development• Department of Transport• Department of Labour• Department of Environmental Affairs	<ul style="list-style-type: none">• Department of Home Affairs• Department of Education• Department of Agriculture• Regional Land Claims Commission• Department of Co-operative Governance and Traditional Affairs• Eskom• The District and its Locals

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Public Participation Annual Report 2013/14

NOTE: Minutes and Reports are available for perusal



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Ward 6 description

Ward 6 is characterised by a majority of rural places and 3 urban places namely, Dejagerdsrift, Mome, Mpukane, Vumbuka, Esixhotsheni, Forestdale, Tayside, Peacevale and Craigside. The ward has 10 committee members and the councillor who attend meetings at ward level. Ward committee members hold meetings with their sectors, and submit reports based on what was discussed in their sector meetings. Ward 6 has a war room located at the McKenzie Hall which is opened 5 days a week when the Councillor's PA sits and assist people on a daily basis. The war room meetings are on Tuesdays of every week at 10h00.

Ward 6 has the following issues and needs raised which are of serious concern:

- **Solar panels**
(Some farm community members don't want solar panels because they believe it doesn't meet their needs but some do approve of it however, the solar panel project has started.)
- **Water**
(The community requested to be supplied with sufficient water. They do have water tanks but Uthukela water does not supply water.)
- **Housing**
(The Department of Human Settlements was requested to come to the ward 6 community for a public meeting regarding the housing project. The housing committee for Forestdale, Craigside and Dlamini was formed in that meeting. A list of beneficiaries has been finalised by the housing committee and must be approved by the Department of Human Settlements)
- **Roads**
Watts road has been an outstanding issue since 2003, to date nothing has been done about it.



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4. Component D – Corporate Governance

4.1. Risk Management

The Accounting Officer has committed Endumeni Municipality to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003.

Risk management recognised as an integral part of responsible management and the municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Endumeni Municipality's Risk Management Framework. All departments / sections, operations and processes will be subject to the risk management framework. These departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the municipality to fulfill its mandate, the service delivery expectations of the public and the performance expectations within the Municipality.

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Institution wide approach to risk management will be adopted by Endumeni Municipality, which means that every key risk in each part of the Municipality will be included in a structured and systematic process of risk management. The risk management processes will become embedded into the municipality's systems and processes, ensuring that our responses to risk remain current and dynamic. All risk management efforts will be focused



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on supporting the municipality's objectives. Equally they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

Council Structure	Role	Accountability
Council Structure	Political Oversight	MFMA & Municipal Systems Act
Mayoral Committees & sub mayoral sub committees	Executive oversight	MFMA, MSA AND King III Corporate Governance
Audit Committee (AC)	Independent Risk, control & governance assurance & oversight	MFMA, council approved terms of reference King III Corporate Governance
MANCO Risk management committee	Risk – governance , leadership, risk management of significant risks process, risk assessment & methodologies, risk profile	Delegated authority. Terms of reference King III
Municipal Manager (MM)	Administrative oversight, responsibility & accountability for risk governance & management	MFMA, MSA & King III corporate governance council delegated authority
Executive Management	Executive responsibility and accountability ,risk ownership, strategic & operational risk management implementation	MFMA,MSA, Delegated authority, King III corporate governance
Internal Audit	Assurance on management of risk	MFMA, Audit standards, King III
Operations Management and staff	Design and /Implementation of risk –response plans, risks treatment/mitigation actions	Delegated authority, approved risk governance framework & policy



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4.2. Anit-corruption and fraud

The purpose of the document is to provide guidance to enable the Municipality to develop a fraud prevention strategy.

Fraud represents a significant potential risk to the Endumeni Municipality's assets, service delivery efficiency and reputation. The Municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the Municipality, and will vigorously pursue and prosecute any parties, by all legal means available which engage in such practices or attempt to do so.

Endumeni Municipality's anti-fraud and corruption strategy and prevention plan

This anti-corruption Strategy and fraud Prevention plan has been developed as a result of the expressed commitment of Government to fight corruption. It is also an important contribution to the National Anti Corruption Strategy of the country and supplements both the public service Anti Corruption Strategy and the Local Government Anti Corruption Strategy.

4.3. Supply Chain Management

The municipality has an adopted Supply Chain Management policy in place. The following tenders were awarded during the financial year:

ENDUMENI MUNICIPALITY - REGISTER OF BIDS FOR PERIOD JULY 2013 TO JUNE 2014

BID NUMBER	DESCRIPTION OF BID	Bid Advertisement Date	Bid Closing Date	Bid Award Date	Bid Awarded - Supplier Name	Value Of Bid
B03/2013-14	Colley Street Engineering Services	11 September 2013	25 October 2013	06 January 2014	Dreykon/Lekhisa JV	R 18,971,915.77
B04/2013-14	Supply and delivery of 1 x New Earth Moving Machine	11 September 2013	11 October 2013	24 January 2014	Babcock Africa Services	R 701,784.00
B07/2013-14	Stratford farm Electrification	11 October 2013	20 November 2013	06 December 2013	Siza-Mekaar Construction (Pty) Ltd	R 4,169,335.57
B08/2013-14	Supply and delivery of 1 x One ton (4X2) LDV	23 October 2013	08 November 2013	27 January 2014	Hi-Way Delta	R 218,000.00
B09/2013-14	Supply and delivery of 85lt heavy duty rubber bins	23 October 2013	08 November 2013	14 February 2014	Best Kid Trading Enterprise	R 354,816.00



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4.4. By-laws

Bylaws in place:

Standing Orders of the Council
Business Trading Bylaws
Keeping of Animals Bylaws
Credit Control & Debt Collection Bylaws
Fireworks Bylaws
Public Disturbance Bylaws
Signage Control Bylaws
Pound Bylaws
Property Rates Bylaws
Mini Bus Taxi & Busses Bylaws
Offences Penalties & Appeals Bylaws
Municipal Facilities & Public Amenities
No contraventions or convictions reported for the financial year 2013/2014

4.5. Websites

Website: www.endumeni.gov.za

Contents:

1. Summary of municipal area
2. Summary of political structure and organisational structure with access to policies, documents, bylaws, minutes of meetings, and other relevant information.

4.6. Municipal Oversight committees

One of the strategic objectives of the Local Government Turnaround Strategy is to build clean, effective, efficient, responsive and accountable local government. While governance systems and structures are operational in municipalities, its quality and effectiveness is sometimes questionable.

Oversight is a concept that refers primarily to the crucial role of legislatures in reviewing and monitoring the actions of the executive organs of government. The executive in carrying out its tasks, whether by implementing legislation or policy, acquires considerable power (the ability to influence or determine a person's conduct). A condition of the exercise of that power in a constitutional democracy is that the administration or executive is checked by being held accountable to an organ distinct from it (the legislature). This notion is inherent in the concept of the separation of powers, which simultaneously provides for checks and balances on the exercise of executive power, making the executive more accountable to an elected legislature.



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The MPAC interrogate the following financial aspects addressed in the Municipal Finance Management Act:

4.6.1. Unforeseen and unavoidable expenditure (Section 29)

- any unforeseen and unavoidable expenditure incurred must be reported to the MPAC;
- proof of the necessary appropriation in an adjustment budget;
- the MPAC must consider the expenditure and make recommendations to the council; and
- where the necessary adjustment budget has not been prepared, the MPAC must report same to the council.

4.6.2. Unauthorized, irregular or fruitless and wasteful expenditure (Section 32)

- any unauthorized, irregular or fruitless and wasteful expenditure by the council, the executive mayor / mayor, executive committee or any political office bearer of the municipality must also be reported to the MPAC;
- the municipal manager must report to the MPAC on all steps taken to either authorize or certify the payment or to recover or write off the expenditure;

4.6.3. The quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP (Section 52(d))

- a copy of the quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality must be submitted to the MPAC;
- where the report is not submitted to the MPAC within 30 days after the end of the quarter, the MPAC must report this to the council;
- where the report is submitted, it must be interrogated and recommendations must be made to the council;

4.6.4. Monthly budget statements (Section 71)

- the monthly budget statement submitted to the mayor must be submitted to the MPAC;
- the MPAC must interrogate the statement and report any matter of concern on the statement to the council.

4.6.5. Mid-year budget and performance assessment (Section 72)

- the mid-year budget and performance assessment report submitted to the mayor must be submitted to the MPAC;

4.6.6. Mid-year budget and performance assessment of municipal entities (Section 88)

- the mid-year budget and performance assessment report submitted by the municipal entity needs to be submitted to the MPAC;



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- the MPAC needs to interrogate the report and report matters of concern to the council;
- where the report has not been received or not published, it must be reported to the council.

4.6.7. Disclosures concerning councillors, directors and officials (Section 124)

- as part of its interrogation of the annual financial statements, the MPAC must ensure that the necessary disclosures were made in the financial statements, including: salaries, allowances and benefits of political office bearers and councillors of the municipality; arrears owed by individual councillors by the municipality for more than 90 days; salaries, allowances and benefits of the municipal manager, CFO and senior managers; salaries, allowances and benefits of the board of directors of municipal entities the salaries, allowances and benefits of the chief executive officer and senior managers of municipal entities;

4.6.8. Submission and auditing of annual financial statements (Section 126)

- copies of the financial statements submitted to the A-G must be submitted to the MPAC as well as the financial statements of any municipal entity under the control of the municipality as well as proof of submission thereof to the A-G;
- where the MPAC has not been provided with the financial statements or with proof that it has been submitted to the A-G it must be reported to the council.

in preparing the draft oversight report, the MPAC must consider all representations in connection with the annual report received from the local community;

- the meeting of the MPAC considering the annual report must be open to the public and members of the local community must be allowed to make representations in connection with the annual report at the meeting;
- National Treasury Circular 32 provides guidance on the preparation of the oversight report and a copy is attached as Annexure "A" hereto. Reference to the oversight committee must be read as the MPAC.



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ENDUMENI MUNICIPALITY



ANNUAL REPORT 2013/2014

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CHAPTER 2

Chapter 2: Governance

1. Component A – Governance Structure
 - 1.1. Political Governance structure
 - 1.2. Administrative Governance Structure
2. Component B – Intergovernmental Relations
3. Component C – Public Accountability and Participation
4. Component D – Corporate Governance
 - 4.1. Risk Management
 - 4.2. Anti-corruption and fraud
 - 4.3. Supply Chain Management
 - 4.4. By-laws
 - 4.5. Websites
 - 4.6. Municipal Oversight committees



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1. Component A – Governance Structure

1.1. Political Governance structure

The Endumeni Council has, in accordance with Section 43 of the Municipal Structures Act No. 117 of 1998, established an Executive Committee comprising of three members.

The Executive Committee is chaired by the Mayor, while the Council is chaired by the Speaker in terms of Section 48 and Section 36 of the Municipal Structures Act (117 of 1998) respectively.

The Executive Committee functions under delegated authority of the Council, except for those powers and functions as determined by Section 160 of the Constitution of South Africa 1996. The Endumeni Municipality is demarcated into 6 wards with active ward committees.

The purpose of the Ward Committees is to assist the Ward Councillors with organizing, consulting and the cascading of information to all stakeholders of the various wards.

The office bearers of the local municipality are as follows:

Speaker:	Cllr S B Mdluli:	ANC	} Executive Committee
Mayor:	Cllr T M Mahaye:	ANC	
Deputy Mayor:	Cllr T B Mkhize:	NFP	
Exco Member:	Cllr A M Raubenheimer:	DA	

Committee allocation and Council attendance

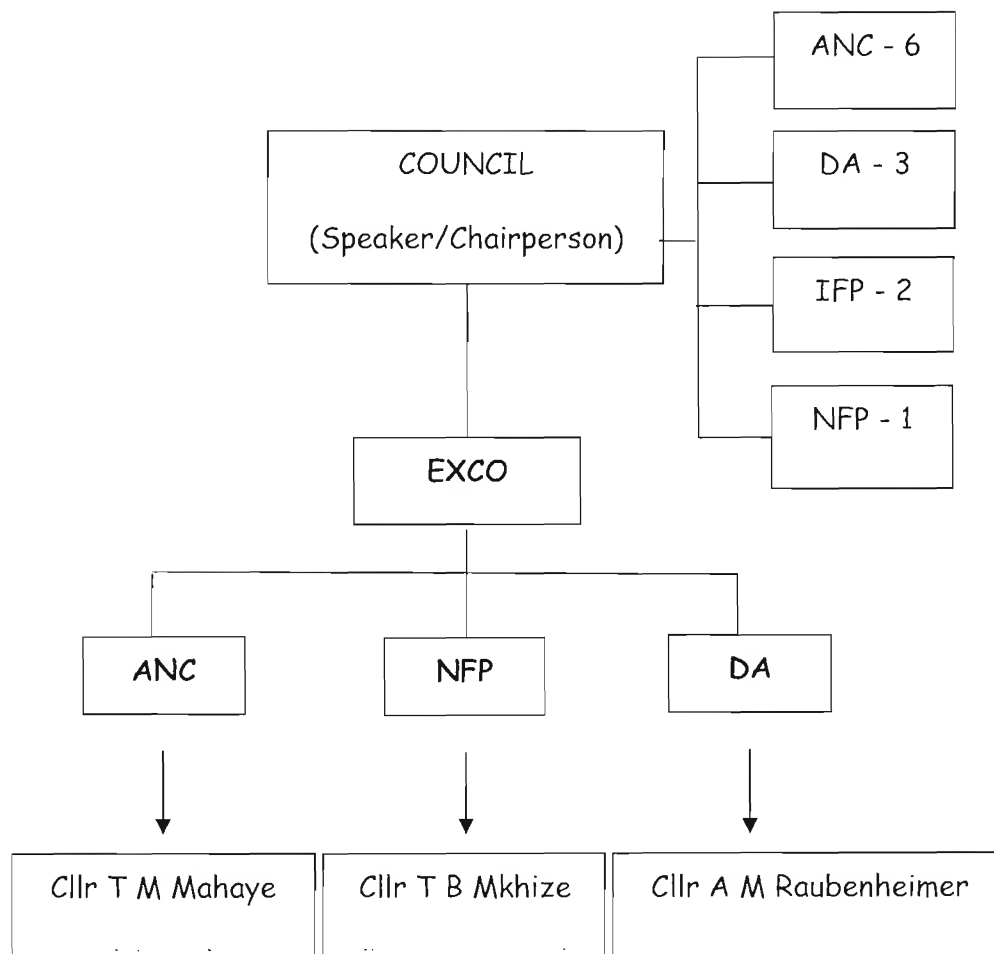
Endumeni Council:

Adam E M	DA	-	PR
Dhlamini S W	ANC	-	Ward 1
Mahaye T M (Mayor)	ANC	-	PR
Makaba Ms T I	ANC	-	Ward 6
Mbatha W N (Ms)	IFP	-	PR
Mdluli S B (Speaker)	ANC	-	Ward 5
Mfeka J A	DA	-	PR
Mkhize T B (Deputy Mayor)	NFP	-	PR
Ngobese H S B	ANC	-	Ward 4
Raubenheimer A M (Exco Member)	DA	-	Ward 2
Zwane M H	ANC	-	Ward 3
Cllr N S Ntuli	IFP	-	PR



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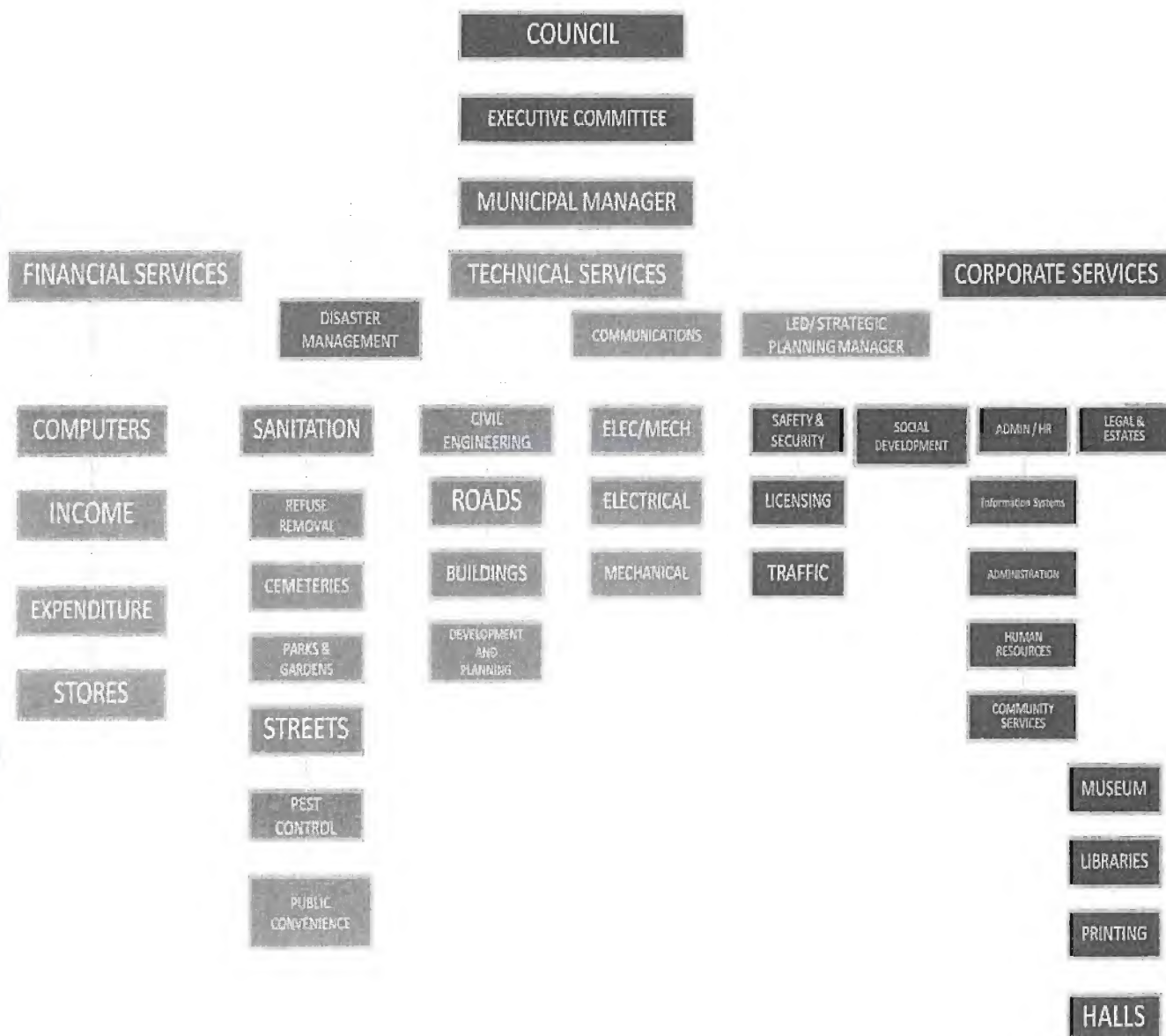
Political Structure:





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1.2. Administrative Governance Structure





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Labour Forum:

The Mayor,
Cllr T M Mahaye
Cllr H S B Ngobese
Cllr Ms W N Mbatha
Cllr J A Mfeka

Staff Disciplinary:

Officials of Council

Staff Disciplinary Appeals:

Officials of Council

Tender:

Officials of Council

Local Economic Development Forum:

Cllr A M Raubenheimer
Cllr M H Zwane
Cllr N S Ntuli

Employment Equity/Skills Development Forum:

Cllr Ms T I Makaba
Cllr N S Ntuli
Cllr E M Adam
Cllr T B Mkhize

SCOPA:

Cllr Ms W N Mbatha
Cllr M H Zwane
Cllr E M Adam
Cllr S W Dhlamini
Cllr H S B Ngobese
Cllr J A Mfeka

Assessing Committee for Municipal Manager:

The Mayor,
Cllr T M Mahaye
Cllr S W Dhlamini
Mr N U Rajkumar;
Name & designation of Ward Committee member nominated by Mayor Secretariat: Mr A J van Wyk



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Assessing Committee for Section 57 Managers reporting to Municipal Manager:

Municipal Manager

Chairperson: Audit Committee

Cllr T M Mahaye (Mayor)

A Municipal Manager of another Municipality

Mr M B H Nakooda

Secretariat: Mr A J van Wyk

Budget Steering Committee:

The Mayor,

Cllr T M Mahaye

Cllr A M Raubenheimer

Cllr Ms W N Mbatha

Municipal Manager

Chief Financial Officer

Executive Manager Technical Services

Senior Financial Officer

Executive Manager Corporate Services

Endumeni Local Aids Council:

Cllr T M Mahaye (Mayor)

Cllr Ms W N Mbatha

Cllr Ms T I Makaba

Endumeni Local Municipality Bursary Committee:

Cllr M H Zwane

Cllr T B Mkhize

Cllr A M Raubenheimer

Cllr N S Ntuli



CHAPTER 2

BODIES/INSTITUTIONS

KwaZulu-Natal Joint Municipal:	Representatives:	Cllr H S B Ngobese Cllr E M Adam
	Alternate:	Cllr M H Zwane Cllr N S Ntuli
SALA Pension Funds:	Representative:	Cllr T B Mkhize
	Alternate:	Cllr S W Dhlamini
Pension Fund (Councillors):	Representative:	Cllr T B Mkhize
	Alternate:	Cllr J A Mfeka
Kwanaloga:	Representatives:	The Mayor, Cllr T M Mahaye The Municipal Manager
	Alternate:	Cllr T B Mkhize (Deputy Mayor)
Dundee & District Agricultural Society:		
Cllr Ms T I Makaba		
Cllr H S B Ngobese		
Talana Museum/Endumeni Tourism Battlefields Route Committee:		
Cllr S B Mdluli		
Cllr N S Ntuli		
Cllr M H Zwane		
KeyHealth Medical Scheme National Council for the Aged:		
	Representative:	Cllr E M Adam
	Alternate:	Cllr S B Mdluli
Kwanaloga Labour Relations:	Representative:	Cllr S B Mdluli
	Alternate:	Cllr J A Mfeka
Community Police Forum:	Cllr S W Dhlamini Cllr M H Zwane Cllr Ms T I Makaba	Wasbank Glencoe Dundee
Environmental Education Centre:		
Cllr S W Dhlamini		
Cllr Ms T I Makaba		



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Fire & Emergency Services Co-ordinating Committee/Rural Metro

Cllr H S B Ngobese

Senior Manager: Safety & Security

Endumeni Disaster Management Portfolio Sub-Committee

The Mayor, Cllr T M Mahaye

Cllr Ms W N Mbatha

Cllr H S B Ngobese

Municipal Manager

Executive Manager Corporate Services

Chief Financial Officer

Senior Manager: Safety & Security

Manager: Disaster Management

Executive Manager Technical Services/IDP Manager

PORTFOLIO COMMITTEES

Municipal Manager

Cllr A M Raubenheimer

Cllr H S B Ngobese

Cllr N S Ntuli

Corporate Services

Cllr T B Mkhize

Cllr J A Mfeka

Cllr W N Mbatha

Finance

The Mayor,

Cllr T M Mahaye

Cllr W N Mbatha

Cllr A M Raubenheimer

Technical Services

The Mayor,

Cllr T M Mahaye

Cllr E M Adam

Cllr N S Ntuli



CHAPTER 2

IDP ORIENTATED STRUCTURES

Ward committees

Speaker, Cllr S Mdluli

IDP Rep forums

The Mayor, Cllr T M Mahaye

IDP Steering Committee

The Municipal Manager

District IDP/LED Technical Forum

District IDP Manager and LED Manager

IDP Public Participation

.Steering Committee	
11 October 2012	Council chamber
Strategic Planning Session	
28 February 2013 to 01 March 2013	Battlefields Country Lodge
Representative forum meeting	Actual date
1 st Rep Forum	18 October 2012
2013/14 IDP Budget and Public Engagement Meeting	16 April 2013
2 nd Rep Forum	14 May 2013
Community Based Planning	
21 – 25 January 2013	Ward 4 – Pilot workshop
18 – 22 February 2013	Ward 1 – 3 & 5 - 6



CHAPTER 2

2. Component B – Intergovernmental Relations

Intergovernmental Department	Nature of Relationship
1. Department of Human Settlements	The Department of Human Settlements identify the need for RDP housing. Once the needs are identified, DHS provides the funding and oversight for the registered housing projects at Endumeni Municipality.
2. Department of Energy	The Department of Energy provide funding for the electrification of municipal and Eskom areas of supply.
3. Department of Environmental Affairs	Greening and landscaping of Municipal owned vacant land for recreation purposes, Isibanisolwazi Training and project services.

3. Component C – Public Accountability and Participation

Participation Community and Stakeholder Participation:

A key form of promoting community involvement is through the Ward structures. Ward Committees are in place, and meetings generally take place as per an approved IDP/Budget/Community involvement Process Plan. These committees were utilised during the IDP process, although their function is not to deal exclusively with IDP related matters. The following ward committee meetings occurred and they were specifically focused on IDP/BUDGET/PMS AND COMMUNITY related matters:

There was consensus that the Ward Committee system is being used effectively in achieving meaningful community involvement in the IDP process. These committees are comprised of members of the community who are elected to serve on them. These meetings are successfully used to identify and prioritise community needs at local level. The FINAL IDP project list and the FINAL Council budgets are also debated at these 'forums' in order to develop a participative IDP Review process each year.



CHAPTER 2

Other stakeholders, such as business and community organisations and any other interested and affected party are encouraged to attend and serve on the IDP Representative Forum. This Forum has good and diverse representation. All of the key informants to the IDP were represented and discussed at the various Representative Forum meetings.

It is clear that these meetings have performed their function well in that meetings have been well attended, participation was enthusiastic, and such matters as the Vision and Mission of the Municipality have been ratified, the integrated, gender, poverty and ICT issues were enthusiastically debated and the economic analysis was thoroughly discussed.

Use of the IDP Guide Pack

Endumeni had access to the DPLG Guide Pack and this was used as a reference medium for developing the IDP and Process Plan. All of the key informants agreed that the Pack is good, effective and user-friendly.

Access to Support Systems such as the PIMMS Centre

Endumeni made use of the PIMMS Centre, which is within walking distance from the Municipality's offices. The staff from the Centre attended meetings, and the Centre was mainly used for advice in interpreting the Guide Pack. Most of the interviewees were not aware of the IT information provided by the PIMMS net. There is agreement that the Centre provides a good, efficient and effective service to the Municipality and hence should continue providing services

Integration of Plans and Processes

During the 2013/2014 IDP process there was consensus that the strategies in the IDP document do address priority issues that are reviewed each year and revised through an inclusive and participatory process. This also serves to ensure that the document addresses both the rural and urban issues although the rural and urban development requirements often differ considerably. An emphasis was placed on integration in phase three and four of this IDP process in order to ensure further improvement on the March 2010 preliminary assessment process.



CHAPTER 2

Alignment with Sector Departments

Endumeni along with the other locals in the district came together with the district municipality to do an IDP/LED Planning Sessions with Sector Departments. The sessions ensured maximum alignment in terms of future projects between the municipalities and sector departments.

The session was a success and the municipality managed to obtain most of the programmes and projects from the sector department which will be implemented within Umzinyathi District Municipality. The sector departments that were present are as follows:

STAKEHOLDERS PRESENT	STAKEHOLDERS PRESENT
<ul style="list-style-type: none"> • Department of Agriculture, Environment Affairs and Rural Development • Department of Economic Development and Tourism • Department of Rural Development and Land Reform • Department of Economic Development • Department of Transport • Department of Labour • Department of Environmental Affairs 	<ul style="list-style-type: none"> • Department of Home Affairs • Department of Education • Department of Agriculture • Regional Land Claims Commission • Department of Co-operative Governance and Traditional Affairs • Eskom • The District and its Locals

CHAPTER 2

WARD	4 PUBLIC MEETING S PER ANNUM	3 COUNCILLOR'S MONTHLY REPORTS/QUARTER	3 WARD COMMITTEE MEETINGS PER QUARTER	SECTORIAL MEETINGS PER QUARTER	SECTORAL REPORTS PER QUARTER	NUMBER OF COMMITTEE MEMBERS IN EACH WARD	CHALLENGES THAT WE HAVE	PLANNED MEASURES FOR IMPROVEMENT
1 (Cllr Dhlamini)	3	0	0	Y	Y	8	The Speaker was requested to intervene in wards that have ward committee vacancies and he was further requested to communicate with councillors to submit their monthly ward reports however he doesn't respond to any of the correspondence sent to him. Only ward 6 is regarded as functional at Endumeni.	Write a memo to the Head of Department and the Municipal Manager and request for prompt intervention by the Speaker to respond to the challenges reported to him.
2 (Cllr Raubenheimer)	0	0	3	Y	Y	10 but only 3 report		
3 (Cllr Mbhele)	13	0	1	Y	Y	10		
4 (Cllr Ncala)	8	0	1	Y	Y	10		
5 (Cllr Mdluli)	0	0	0	Y	Y	5		
6 (Cllr Makaba)	22	8	4	Y	Y	10		

NOTE: Minutes and Reports are available for perusal

NOTE: Minutes and Reports are available for perusal



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Ward 6 description

Ward 6 is characterised by a majority of rural places and 3 urban places namely, Dejagerdsrift, Mome, Mpukane, Vumbuka, Esixhotsheni, Forestdale, Tayside, Peacevale and Craigside. The ward has 10 committee members and the councillor who attend meetings at ward level. Ward committee members hold meetings with their sectors, and submit reports based on what was discussed in their sector meetings. Ward 6 has a war room located at the McKenzie Hall which is opened 5 days a week when the Councillor's PA sits and assist people on a daily basis. The war room meetings are on Tuesdays of every week at 10h00.

Ward 6 has the following issues and needs raised which are of serious concern:

- **Solar panels**
(Some farm community members don't want solar panels because they believe it doesn't meet their needs but some do approve of it however, the solar panel project has started.)
- **Water**
(The community requested to be supplied with sufficient water. They do have water tanks but Uthukela water does not supply water.)
- **Housing**
(The Department of Human Settlements was requested to come to the ward 6 community for a public meeting regarding the housing project. The housing committee for Forestdale, Craigside and Dlamini was formed in that meeting. A list of beneficiaries has been finalised by the housing committee and must be approved by the Department of Human Settlements)
- **Roads**
Watts road has been an outstanding issue since 2003, to date nothing has been done about it.



CHAPTER 2

4. Component D – Corporate Governance

4.1. Risk Management

The Accounting Officer has committed Endumeni Municipality to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003.

Risk management recognised as an integral part of responsible management and the municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Endumeni Municipality's Risk Management Framework. All departments / sections, operations and processes will be subject to the risk management framework. These departments / sections will work together in a consistent and integrated manner, with the overall objective of reducing risk, as far as reasonably practicable.

Effective risk management is imperative to the municipality to fulfill its mandate, the service delivery expectations of the public and the performance expectations within the Municipality.

The realisation of our strategic plan depends on us being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders. Sound management of risk will enable us to anticipate and respond to changes in our service delivery environment, as well as take informed decisions under conditions of uncertainty.

We subscribe to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimizing risks and costs in the interest of all stakeholders;
- Education and training of all our staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Institution wide approach to risk management will be adopted by Endumeni Municipality, which means that every key risk in each part of the Municipality will be included in a structured and systematic process of risk management. The risk management processes will become embedded into the municipality's systems and processes, ensuring that our responses to risk remain current and dynamic. All risk management efforts will be focused



CHAPTER 2

on supporting the municipality's objectives. Equally they must ensure compliance with relevant legislation, and fulfill the expectations of employees, communities and other stakeholders in terms of corporate governance.

Council Structure	Role	Accountability
Council Structure	Political Oversight	MFMA & Municipal Systems Act
Mayoral Committees & sub mayoral sub committees	Executive oversight	MFMA, MSA AND King III Corporate Governance
Audit Committee (AC)	Independent Risk, control & governance assurance & oversight	MFMA, council approved terms of reference King III Corporate Governance
MANCO Risk management committee	Risk – governance , leadership, risk management of significant risks process, risk assessment & methodologies, risk profile	Delegated authority. Terms of reference King III
Municipal Manager (MM)	Administrative oversight, responsibility & accountability for risk governance & management	MFMA, MSA & King III corporate governance council delegated authority
Executive Management	Executive responsibility and accountability ,risk ownership, strategic & operational risk management implementation	MFMA,MSA, Delegated authority, King III corporate governance
Internal Audit	Assurance on management of risk	MFMA, Audit standards, King III
Operations Management and staff	Design and /Implementation of risk –response plans, risks treatment/mitigation actions	Delegated authority, approved risk governance framework & policy



CHAPTER 2

4.2. Anit-corruption and fraud

The purpose of the document is to provide guidance to enable the Municipality to develop a fraud prevention strategy.

Fraud represents a significant potential risk to the Endumeni Municipality's assets, service delivery efficiency and reputation. The Municipality will not tolerate corrupt or fraudulent activities, whether internal or external to the Municipality, and will vigorously pursue and prosecute any parties, by all legal means available which engage in such practices or attempt to do so.

Endumeni Municipality's anti-fraud and corruption strategy and prevention plan

This anti-corruption Strategy and fraud Prevention plan has been developed as a result of the expressed commitment of Government to fight corruption. It is also an important contribution to the National Anti Corruption Strategy of the country and supplements both the public service Anti Corruption Strategy and the Local Government Anti Corruption Strategy.

4.3. Supply Chain Management

The municipality has an adopted Supply Chain Management policy in place. The following tenders were awarded during the financial year:

ENDUMENI MUNICIPALITY - REGISTER OF BIDS FOR PERIOD JULY 2013 TO JUNE 2014

BID NUMBER	DESCRIPTION OF BID	Bid Advertisement Date	Bid Closing Date	Bid Award Date	Bid Awarded - Supplier Name	Value Of Bid
B03/2013-14	Colley Street Engineering Services	11 September 2013	25 October 2013	06 January 2014	Dreykon/Lekhisa JV	R 18,971,915.77
B04/2013-14	Supply and delivery of 1 x New Earth Moving Machine	11 September 2013	11 October 2013	24 January 2014	Babcock Africa Services	R 701,784.00
B07/2013-14	Stratford farm Electrification	11 October 2013	20 November 2013	06 December 2013	Siza-Mekaar Construction (Pty) Ltd	R 4,169,335.57
B08/2013-14	Supply and delivery of 1 x One ton (4X2) LDV	23 October 2013	08 November 2013	27 January 2014	Hi-Way Delta	R 218,000.00
B09/2013-14	Supply and delivery of 85lt heavy duty rubber bins	23 October 2013	08 November 2013	14 February 2014	Best Kid Trading Enterprise	R 354,816.00



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4.4. By-laws

Bylaws in place:

Standing Orders of the Council
Business Trading Bylaws
Keeping of Animals Bylaws
Credit Control & Debt Collection Bylaws
Fireworks Bylaws
Public Disturbance Bylaws
Signage Control Bylaws
Pound Bylaws
Property Rates Bylaws
Mini Bus Taxi & Busses Bylaws
Offences Penalties & Appeals Bylaws
Municipal Facilities & Public Amenities
No contraventions or convictions reported for the financial year 2013/2014

4.5. Websites

Website: www.endumeni.gov.za

Contents:

1. Summary of municipal area
2. Summary of political structure and organisational structure with access to policies, documents, bylaws, minutes of meetings, and other relevant information.

4.6. Municipal Oversight committees

One of the strategic objectives of the Local Government Turnaround Strategy is to build clean, effective, efficient, responsive and accountable local government. While governance systems and structures are operational in municipalities, its quality and effectiveness is sometimes questionable.

Oversight is a concept that refers primarily to the crucial role of legislatures in reviewing and monitoring the actions of the executive organs of government. The executive in carrying out its tasks, whether by implementing legislation or policy, acquires considerable power (the ability to influence or determine a person's conduct). A condition of the exercise of that power in a constitutional democracy is that the administration or executive is checked by being held accountable to an organ distinct from it (the legislature). This notion is inherent in the concept of the separation of powers, which simultaneously provides for checks and balances on the exercise of executive power, making the executive more accountable to an elected legislature.



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The MPAC interrogate the following financial aspects addressed in the Municipal Finance Management Act:

4.6.1. Unforeseen and unavoidable expenditure (Section 29)

- any unforeseen and unavoidable expenditure incurred must be reported to the MPAC;
- proof of the necessary appropriation in an adjustment budget;
- the MPAC must consider the expenditure and make recommendations to the council; and
- where the necessary adjustment budget has not been prepared, the MPAC must report same to the council.

4.6.2. Unauthorized, irregular or fruitless and wasteful expenditure (Section 32)

- any unauthorized, irregular or fruitless and wasteful expenditure by the council, the executive mayor / mayor, executive committee or any political office bearer of the municipality must also be reported to the MPAC;
- the municipal manager must report to the MPAC on all steps taken to either authorize or certify the payment or to recover or write off the expenditure;

4.6.3. The quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP (Section 52(d))

- a copy of the quarterly report of the mayor on the implementation of the budget and the state of affairs of the municipality must be submitted to the MPAC;
- where the report is not submitted to the MPAC within 30 days after the end of the quarter, the MPAC must report this to the council;
- where the report is submitted, it must be interrogated and recommendations must be made to the council;

4.6.4. Monthly budget statements (Section 71)

- the monthly budget statement submitted to the mayor must be submitted to the MPAC;
- the MPAC must interrogate the statement and report any matter of concern on the statement to the council.

4.6.5. Mid-year budget and performance assessment (Section 72)

- the mid-year budget and performance assessment report submitted to the mayor must be submitted to the MPAC;

4.6.6. Mid-year budget and performance assessment of municipal entities (Section 88)

- the mid-year budget and performance assessment report submitted by the municipal entity needs to be submitted to the MPAC;



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- the MPAC needs to interrogate the report and report matters of concern to the council;
- where the report has not been received or not published, it must be reported to the council.

4.6.7. Disclosures concerning councillors, directors and officials (Section 124)

- as part of its interrogation of the annual financial statements, the MPAC must ensure that the necessary disclosures were made in the financial statements, including: salaries, allowances and benefits of political office bearers and councillors of the municipality; arrears owed by individual councillors by the municipality for more than 90 days; salaries, allowances and benefits of the municipal manager, CFO and senior managers; salaries, allowances and benefits of the board of directors of municipal entities the salaries, allowances and benefits of the chief executive officer and senior managers of municipal entities;

4.6.8. Submission and auditing of annual financial statements (Section 126)

- copies of the financial statements submitted to the A-G must be submitted to the MPAC as well as the financial statements of any municipal entity under the control of the municipality as well as proof of submission thereof to the A-G;
- where the MPAC has not been provided with the financial statements or with proof that it has been submitted to the A-G it must be reported to the council.

in preparing the draft oversight report, the MPAC must consider all representations in connection with the annual report received from the local community;

- the meeting of the MPAC considering the annual report must be open to the public and members of the local community must be allowed to make representations in connection with the annual report at the meeting;
- National Treasury Circular 32 provides guidance on the preparation of the oversight report and a copy is attached as Annexure "A" hereto. Reference to the oversight committee must be read as the MPAC.

ENDUMENI MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2013/2014 CHAPTER 3



CHAPTER 3

Chapter 3: Service Delivery Performance (Performance Report Part I)

1. Component A – Introduction
2. Component B – Principle of Batho Pele
3. Component C – Infrastructure Development Plan
 - 3.1.1. Key challenges
 - 3.1.2. Improvements to be made
 - 3.1.3. Alignment of the Provincial growth and development strategy to the Municipal section
 - 3.1.4. 5 year action plan
4. Component D – Measuring and Monitoring progress
 - 4.1.1. Service delivery and Infrastructure
 - 4.1.2. Annual performance report



CHAPTER 3

1. Component A – Introduction

The Endumeni Municipality has developed a fully – fledged Performance Management System (PMS) in terms of Chapter 6 of the Municipal Systems Act 32 of 2000. It involves an extensive process to ensure that the system complies with legislative and policy requirements and a wide range of role players from outside as well as inside the Endumeni Municipality. The Legislative and policy framework for PMS includes the Constitution, The Municipal Systems Act, The Municipal Finance Management Act, Municipal Planning and Performance Management Regulations, The White Paper on Local Government and the Batho Pele Principles.

2. Component B – Principle of Batho Pele

The White Paper on local Government (1998) suggested that local government should introduce the idea of Performance Management systems. The White Paper noted that:

“Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance accountability is increased, and public trust in the local government system enhanced.”– The White Paper on Local Government (1998)

Similarly, the White Paper on Transforming Public Service Delivery (Batho Pele) puts eight principles for good public service:

- **Consultation:**
Citizens should be consulted about the level and quality of public service they receive and, where possible should be given a choice about the services which are provided.
- **Service Standards:**
Citizens should know what standard of service to expect.
- **Access:**
All citizens should have equal access to the services to which they are entitled.
- **Courtesy:**
Citizens should be treated with courtesy and consideration.



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- **Information:**

Citizens should be given full and accurate information about the public services they are entitled to receive

- **Openness and transparency:**

Citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

- **Redress:**

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy, and when complaints are made citizens should receive a sympathetic, positive response.

- **Value for Money:**

Public Services should be provided economically and efficiently in order to give citizens the best possible value for money.

Importantly, the Batho Pele White Paper notes that the development of a service – oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service users if they are to improve their operations. Local partners can be mobilized to assist in building a service culture. For example: local businesses or non-governmental organizations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey.

3. Component C – Infrastructure Development Plan

3.1.1. Key challenges

Issues were identified throughout the IDP processes and were confirmed by management, councillors and the community as applicable, namely found in the six different KPA's of the IDP. Conclusive SWOT analyses were also taken of the individual KPA's:



CHAPTER 3

KPA	Key Challenge	Description
Basic Service Delivery	Roads ; Housing; Electricity; Water & Sanitation	The backlog on key services remains a challenge
Local Economic Development	Agriculture; Skills; Job creation	The municipality still in the process of appointing the LED Manager to drive economic agenda of council.
Good Governance and Public participation	Community Facilities; Crime; Poverty; Clinics	The lack of proper facilities has undermined the capability of community structures to meet regularly and engage vigorously. In enhancing good governance the ward communities are in lace but not yet effective as expected.
Municipal Institutional development and transformation	Municipal structure to relate to six priority KPAs	To expand and fund the municipal structure that will be responsive to the current challenges and enable council to discharge its functions effectively.
Municipal financial Viability and management	Debt collection	The low rate of debt collection hinders the delivery of other services within the municipal competency.
Spatial Planning and Environmental Management	Review the town planning scheme	Urgent need persist to exist to update the old town planning scheme

3.1.2. Improvements to be made

Basic to the strategic actions aiming at improving delivery are the key performance areas that underpin “a credible IDP”. In this context, preliminary assessment process, each national KPA is briefly addressed in turn in this executive summary as called for in the March IDP review process.

The municipality then went a step further by highlighting the “matters” raised by the MEC of Cooperative Government and Traditional Affairs (COGTA) by then identify “action to be taken” as follows.



CHAPTER 3

KPA	CHALLENGE	ACTION TO BE TAKEN	RESPONSIBILITY
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	<ul style="list-style-type: none"> The post of Municipal Manager, IDP Manager, LED Manager, Internal Auditor, Performance Manager and other positions are vacant No mentioning of Inter-Governmental Relations 	<ul style="list-style-type: none"> HR has started filling in these critical post, this includes that of the Municipal Manager and Compliance Manager. IDP Manager omitted to fill in the policy 	<ul style="list-style-type: none"> Corporate Services IDP Manager
LOCAL ECONOMIC DEVELOPMENT (LED)	<ul style="list-style-type: none"> Suggestion that the municipality should provide a summary of achievements during the IDP review as a monitoring measure. Encouraged to demonstrate how it will capitalize on its strengths and opportunities, as well as explaining how you intend to address the weaknesses. 	<ul style="list-style-type: none"> To create a matrix on reporting and monitoring progress of LED programmes/projects. The team is planning to put an Action Plan and a monitoring & evaluation plan in place. 	<ul style="list-style-type: none"> MM's office MM's office
SERVICE DELIVERY AND INFRASTRUCTURE	<ul style="list-style-type: none"> Recommendation to report on progress and achievements in your IDP Review of the projects listed. 	<ul style="list-style-type: none"> To report on progress and achievements of projects. 	<ul style="list-style-type: none"> Technical Services
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT	<ul style="list-style-type: none"> Important for municipality to update action plan by reflecting on achievements in IDP Review. Nothing mentioned on the Auditor General (AG) report / 	<ul style="list-style-type: none"> To report on progress and achievements of the action plan. To report on improvements suggested by the 	<ul style="list-style-type: none"> Financial services Financial services



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KPA	CHALLENGE	ACTION TO BE TAKEN	RESPONSIBILITY
	comments.	AG's report	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	<ul style="list-style-type: none"> It is not clear in the IDP whether engagements with the community included special groups (e.g. people with disabilities, HIV/AIDS victims, etc.) and if their needs and priorities were incorporated into the IDP. Therefore urged to demonstrate programs / plans concerning special groups, such as the physically challenged, youth and women in your IDP Review. 	<ul style="list-style-type: none"> To report on special groups and attach programmes and projects. 	<ul style="list-style-type: none"> Corporate Services
SPATIAL DEVELOPMENT FRAMEWORK (SDF)	<ul style="list-style-type: none"> Waiting for a comprehensive assessment from COGTA 	<ul style="list-style-type: none"> Awaiting for comments 	Technical services



CHAPTER 3

3.1.3. Alignment of the Provincial growth and development strategy to the Municipal section

The province of KwaZulu - Natal has managed to develop the Provincial Growth and Development Strategy which was adopted by Cabinet on the 31 August 2011, and has a vision to be achieved by 2030. The Provincial Growth and Development Strategy provides a strategic framework for development in the Province; it has seven strategic goals and 30 strategic objectives, and also key specific targets linked to each strategic goal which have to be achieved by 2030. The main aim of the Provincial Growth and Development Strategy is growing the Economy for the improvement of the quality of life for all people living in the province of KwaZulu Natal.

PGDS is crucial to:

- Focus on a clear vision for the province;
- Promote vertical, horizontal and spatial alignment;
- Mobilise all development partners to achieve predetermined development objectives and targets; and
- Build on the strengths and opportunities of the Province, while addressing weaknesses and threats.

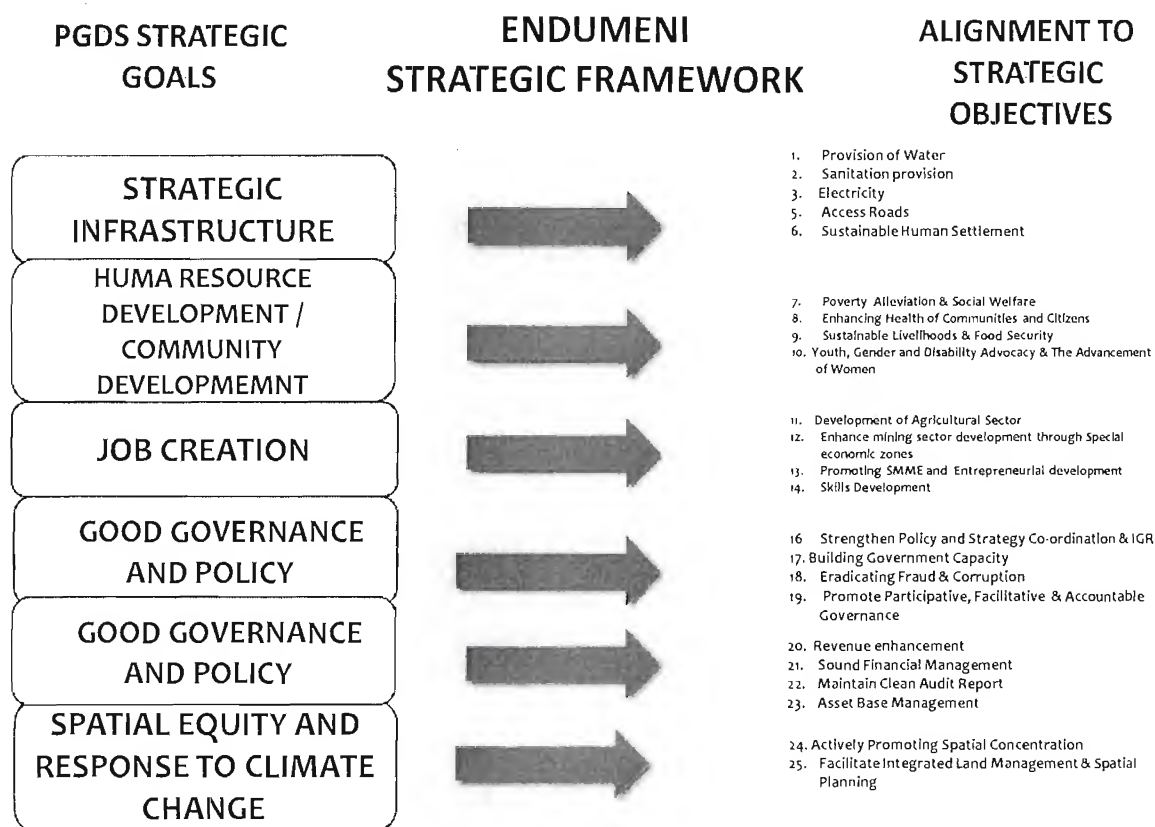
Alignment of the Provincial Growth and Development Strategy to the municipal sectors is as follows:

JOB CREATION	Agriculture, Mining, Manufacturing, Tourism & EPWP Programmes
HUMAN RESOURCE DEVELOPMENT	Primary and Secondary education, Skills Development to support economy
HUMAN & COMMUNITY DEVELOPMENT	Poverty, Health, Food Security & Human Settlement
STRATEGIC INFRASTRUCTURE	Road & Rail, Water, Sanitation, Energy, ICT, Health, Education & Human Settlement
ENVIRONMENTAL SUSTAINABILITY	Productive Use of Land, Renewable Energy, Biodiversity & Climate Change
GOVERNANCE AND POLICY	Public / Private Sector relations, Capacity Constraints, Fraud & Corruption
SPATIAL EQUITY	Rural Development Imperatives & Land Use Planning Controls, New emerging towns



CHAPTER 3

Alignment to the Strategic Objectives of the Provincial Growth and Development Strategy to the municipal strategic objectives:



Endumeni Local Municipality has finalised and reviewed its Organisational Performance System as required in terms of Chapter 6 of the Municipal Systems Act, 32/2000. The documents which have been developed as part of the process are as follows:

- Organisational and Departmental Score Cards
- PMS policy
- PMS Framework
- Individual Performance plans
- Individual Performance Agreements



CHAPTER 3

The Organisational and Departmental scorecards contain strategies in line with SALGA guidelines and are further compliant with the Provincial Growth and Development Strategy.

It has been recommended that the Performance Plans that have been developed for Section 56 Managers be made applicable to all employees. However, to date Endumeni Municipality Performance Management System has been refined to include a system of individual staff appraisals as contemplated per section 67 of the Municipal Systems Act.

3.1.4. 5 year action plan

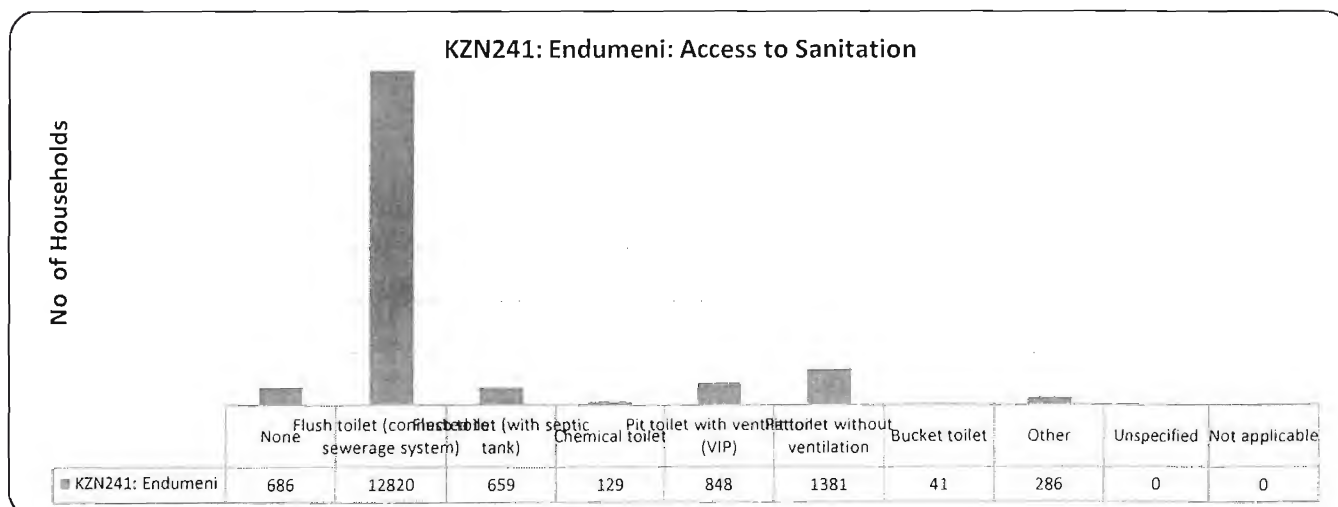
Basic to five year action programme are the projects which have been reviewed. The process of reviewing, revising and updating the 2013/14 IDP Projects Table was co-ordinated internally. A series of meetings were convened both individually and collectively with the various line-function Departments within the Municipality, as well as with the key Sector Departments, and ward committees in order to identify projects that accord with the Municipality's Vision. The outputs from the Ward Committee meetings also inform the review of and prioritisation of projects and are included in this IDP

4. Component D – Measuring and Monitoring progress

4.1.1. Service delivery and Infrastructure

4.1.1.1. Access to Sanitation

Access to basic service remains a priority of most societies. It is well understood if one considers the improvement in livelihood and lifestyle that result from accessibility of key services. To this end, the Endumeni municipality has enjoyed dramatic improvement in sanitation access as compared to all other local municipalities within the district.



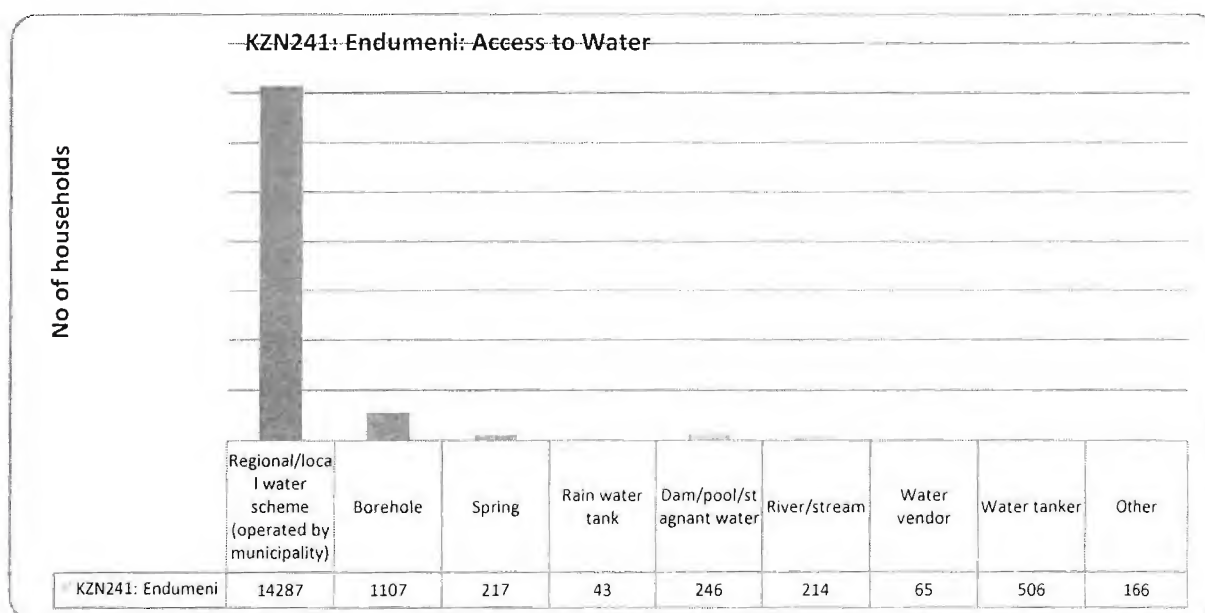


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The eradication of sanitation backlog is a priority to the district municipality. Endumeni has the responsibility to influence district programme to expedite the eradication of the current sanitation backlog.

4.1.1.2. Access to Water Services

The majority of Endumeni households have access to water through local water schemes. At least 14 287 households have access to water through local schemes and at least 1107 are still dependent on boreholes for their survival. The remaining households are still dependant on dams, river streams and water tankers for access to water.

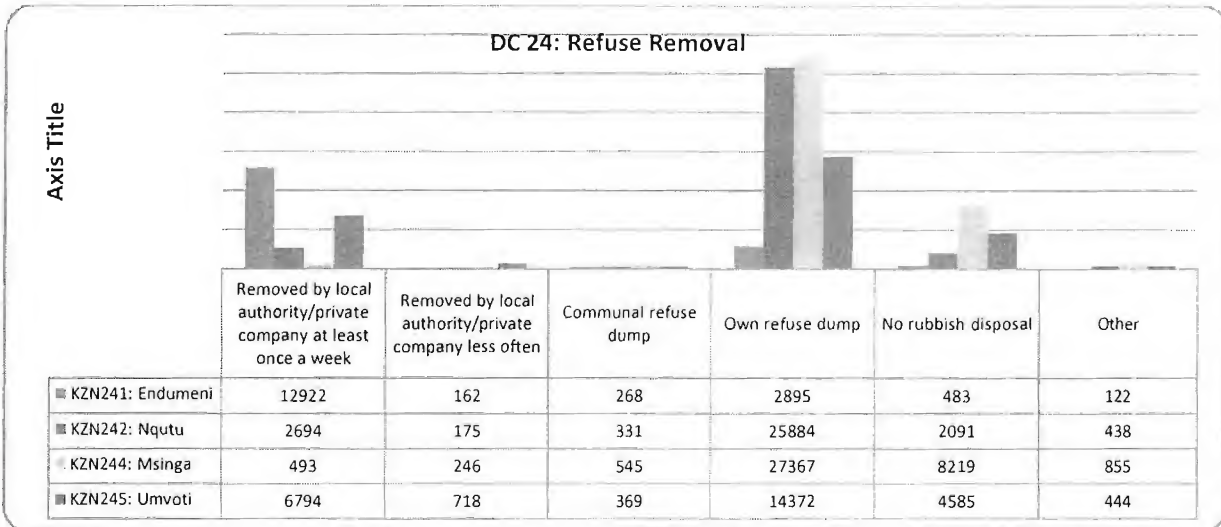


4.1.1.3. Refuse

Only 62% of households have access to decent refuse removal and the remaining 5100 households have no access at all. It is estimated that, 4000 of the 5100 households use personal dumping which might constitute illegal dumping.

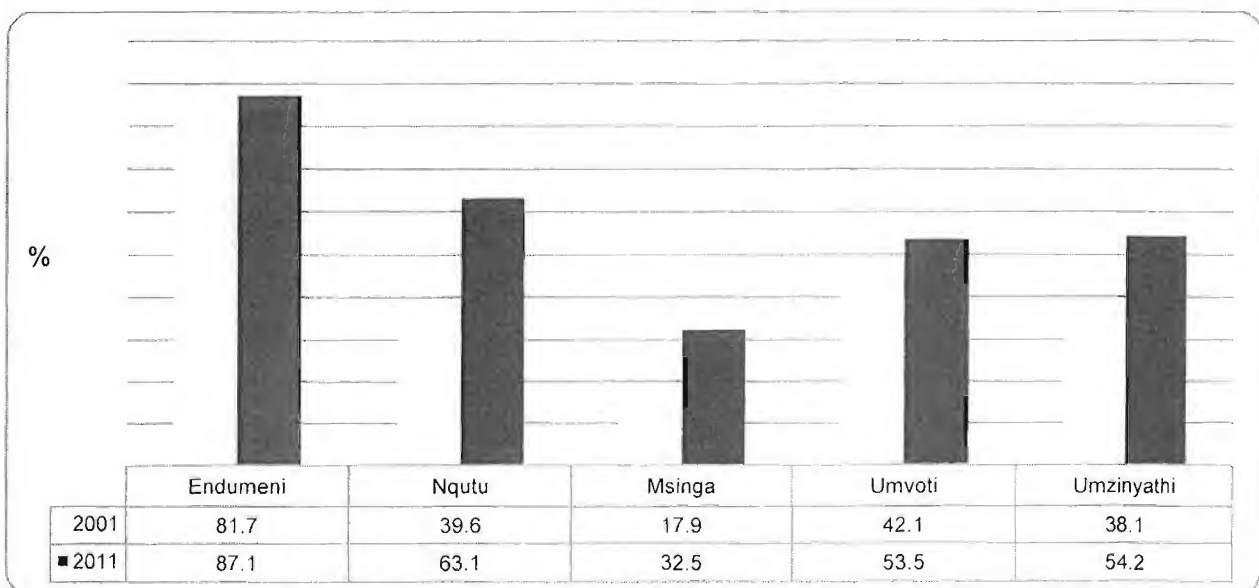


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4.1.1.4. Housing

The share of households occupying formal dwelling has increased from 72% in 1996 to at least 82% in 2001. The latest results dictate that the formal housing has further increased to 87% in 2011. Nevertheless, there is serious backlog and challenge in the implementation of housing due to limited access to water. To this end, it is estimated that the backlog on formal dwellings is approximately 2398 households. Out of 13 734 households at 1026 are living under traditional type of houses, while 341 falls under other type of dwellings.



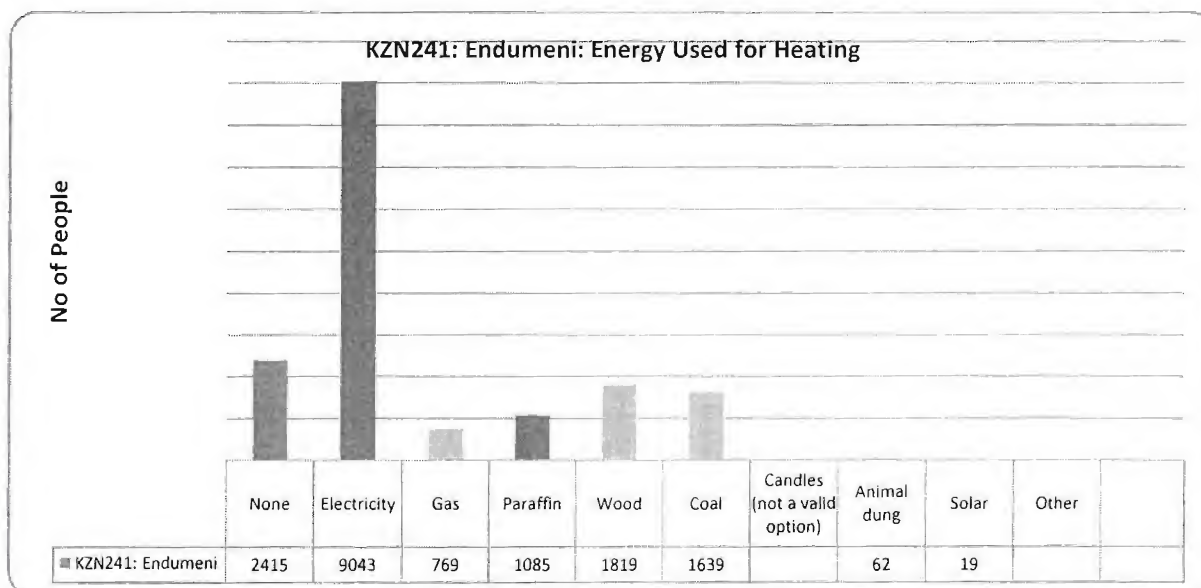


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4.1.1.5. Electricity

Electricity is one of the major necessities required by all the communities. Lack of electrical connectivity to some of the households within Endumeni has hindered their development and exposed them to ever-increasing prices of paraffin and on-going struggle to access wood as an alternative means of water heating, cooking, etc.

To this end, at least 75.2% of households have electrical connections while 3400 have no connections and form part of the current backlog. This compels the electricity service providers to outline their plans during the new generations of IDP on how are they planning to eradicating this costly backlog. The main affected areas fall under the operational jurisdiction of Eskom.



The majority of Endumeni community is using electricity for heating and cooking purposes. The limited few are still dependent on traditional and primitive measures for heating and cooking purposes.



CHAPTER 3

Service delivery and infrastructure	
Strengths	Weaknesses
ELECTRICITY: Availability of Electricity Master plan; capacity (limited) and provision (funding secured: rural;)	Illegal connections- loss of potential income
Road network captured spatially	Moratorium on bulk water and sanitation on newly established townships
Solid Waste: Management Plan	Rural housing stock with no access to water and sanitation
Availability of Council owned land for development i.e. housing	Multi-purpose centre not being fully utilised
Availability of MIG funding	Turnaround times for installation of electricity (multi-sectorial partnerships)
	Roads and storm water drainage
	Municipal Airfield in poor condition
	No municipal Taxi Rank (land available for the purpose) and inadequate provision of taxi laybys (drop off zones)



CHAPTER 3

Service delivery and infrastructure	
Opportunities	Threats
Availing municipal services to the FET college site	LIFESPAN AND MAINTANANCE: Capacity and state of infrastructure
Establishment of community facilities i.e. Libraries, sports fields, etc.	Emerging of informal settlements
Provision of municipal service/bulk to urban area for security of rates purposes	
Securing of funding for Eskom areas	
Explore the purchase privately owned land and transfer of State land	



CHAPTER 3

4.1.2. Annual Performance Report

The Service Delivery Budget Implementation Plan was revised by the IDP manager. The Performance Management System is being reviewed and the SDBIP and PMS Service as the tools used to monitor and evaluate delivery progress. The IDP is linked to the budgeting process and projects are appropriately categorised into the capital and operational budget process as is required of a "credible IDP".

The annual performance per department has been monitored for the 2013/2014 year and the service delivery results have been recorded and reported as follows:

Annexure A: Financial services department score card

Annexure B: Technical services department score card

Annexure C: Corporate services department score card

CHAPTER 3

ANNEXURE A: FINANCIAL SERVICES DEPARTMENT

ENDUMENI MUNICIPALITY - FINANCIAL SERVICES DEPARTMENT SCORE CARD																					
IDP Indicator no.	National KPA	Strategic objective	Measurable objective/output	Previous year			Q1 & Q2 performance				1/2 yearly performance				Q3 & Q4 performance				Annual performance report		Planned measures for improvement
				Target	Actual	Performance indicator	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Target	Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Target	Actual			
1. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Complete and update the municipality's medium term expenditure framework	Coordinate and compile on operating budget which is sustainable and affordable to the rate payer/consumer. Draft budget report 2014/15 complete by 31 March	n/a as this is a new target	100% compliance	Mar-14	n/a	n/a	n/a	n/a	n/a	n/a	31-Mar-14	Completed	n/a	n/a	Mar-14	Completed	Target achieved		
2. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Total actual employee cost expenditure (including benefits) to be within the 2013/14 budget. Quarterly section 71 report (Actual to be within the budget)	n/a as this is a new target	n/a as this is a new target	January	n/a	n/a	n/a	n/a	n/a	n/a	25-Jan-14	Completed	n/a	n/a	January	Completed	Target achieved		
3. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Total actual operating expenditure to be within the 2013/14 budget. Quarterly section 71 report (Actual to be within the budget)	n/a as this is a new target	n/a as this is a new target	February	n/a	n/a	n/a	n/a	n/a	n/a	28-Feb-14	Completed	n/a	n/a	February	Completed	Target achieved		
4. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Total actual operating expenditure to be within the 2013/14 budget. Quarterly section 71 report (Actual to be within the budget)	n/a as this is a new target	n/a as this is a new target	75.8 million	18.9 million	17.07 million	18.9 million	17.25 million	37.80 million	34.32 million	18.9 million	17.74 million	18.9 million	15.45 million	75.8 million	87.51 million	Target achieved		
5. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Total actual operating expenditure to be within the 2013/14 budget. Quarterly section 71 report (Actual to be within the budget)	n/a as this is a new target	n/a as this is a new target	221 million	55.25 million	48.6 million	55.25 million	44.6 million	55.25 million	44.8 million	55.25 million	45.7 million	55.25 million	44.2 million	221 million	184.10 million	Target achieved		
6. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Debt: Equity ratio to be within the norm 1:1. Quarterly section 71 report (Ratio to be within the norm)	n/a as this is a new target	n/a as this is a new target	1:1	0.56:1	1:1	0.62:1	1:1	0.56:1	1:1	0.52:1	1:1	0.49:1	1:1	0.49:1	1:1	Target achieved		
7. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Outstanding Service Providers to Revenue as defined in the Municipal Planning and Performance Management Regulations (2001) (A-B-C) (50%)	57%	57%	50%	50%	50%	50%	37%	50%	37%	50%	37%	50%	41%	50%	62%	Target achieved		
8. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Monitoring of key ratios and to ensure effective expenditure control	Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A-B-C) (75%]	75 times p.a	75:1	75 times p.a	19 times per quarter	20.60	19 times per quarter	16.30	38 times per quarter	35.30 times per quarter	19 times per quarter	16.20	19 times per quarter	16.44	75 times p.a	69.54	Partially achieved	Improved debt coverage through better management of investments	
9. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Sound financial management and reporting	Financial statements to be fully compliant with all applicable accounting standards. Submission of GRAP compliant AFS to AG within the legislated deadline.	n/a as this is a new target	n/a as this is a new target	31-Aug-13	31-Aug-13	30-Aug-13	n/a	n/a	31-Aug-13	30-Aug-13	n/a	n/a	n/a	n/a	31-Aug-13	30-Aug-13	Target achieved		
10. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Value for money expenditure	Assets sample verified on half yearly basis and asset register updated	n/a as this is a new target	n/a as this is a new target	Bi-annually	Bi-annually	n/a	31-Dec-13	Not performed	31-Dec-13	Not performed	Bi-annually	n/a	n/a	n/a	Bi-annually	Verification performed. Expected report to be received 20 Aug 2014	Target not achieved	Implement controls to ensure verifications are performed as planned	
11. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Value for money expenditure	System end procedures to ensure the regulated or contractual deadline.	Paid within 30 days	100% compliance	100% compliance (paid within 30 days)	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	30 days	100% compliance (paid within 30 days)	30 days	Target achieved		
12. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Value for money expenditure	Eliminate irregular expenditure incurred by the Finance Directorate	n/a as this is a new target	n/a as this is a new target	100% compliance (no irregular expenditure)	n/a as this is a new target	R 57 000	0	R 52 440	0	R 109 440	0	R 132 897.21	0	R 15 766	100% compliance (no irregular expenditure)	R 258 103.21	Target not achieved	Implement controls to ensure that verifications are performed as planned	
13. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Value for money expenditure	Eliminate nullities and wasteful expenditure incurred by the Finance Directorate	n/a as this is a new target	n/a as this is a new target	No fruitless and wasteful expenditure incurred	0	0	0	0	0	0	0	0	0	0	No fruitless and wasteful expenditure incurred	0	Target achieved		
14. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Compliance with laws and regulations	100% spending on conditional grants	n/a as this is a new target	n/a as this is a new target	100% conditional grant spending on IDP projects (not included with other matters)	10%	13.93%	30%	31.05%	30%	31.09%	60%	72.02%	100%	100%	100% conditional grant spending on IDP projects (not included with other matters)	100%	Target achieved		
15. Municipal Finance Viability & Management analysis	KPA 4: Financial Viability	Maintain or improve the AG audit opinion from 2011/12	Maintain or improve the AG audit opinion from 2011/12	n/a as this is a new target	n/a as this is a new target	Maintain (not included with other matters)	Unqualified with other matters	n/a	Awaiting on 2012/13 audit	n/a	Awaiting on 2012/13 audit	n/a	Unqualified with other matters	Unqualified with other matters	n/a	n/a	Maintain (not included with other matters)	Unqualified with other matters	Target achieved		

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ANNEXURE B: TECHNICAL SERVICES DEPARTMENT

ENDUMENI MUNICIPALITY- TECHNICAL SERVICES DEPARTMENT SCORE CARD																					
IDP Indicator no.	National KPA	Strategic objective	Measurable objective/output	Previous year			Q1 & Q2 performance				1/2 yearly performance				Q3 & Q4 performance				Annual performance report		Planned measures for improvement
				Target	Actual	Performance measure/indicator	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Target	Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Target	Actual	Status		
1. Service delivery and infrastructure	KPA1: Municipal Transformation & Organisational Development	To monitor performance within the technical services department	Number of management meeting held within the technical department during the 2013/2014 financial year	n/a as this is a new target	n/a as this is a new target	12	3	3	3	3	6	6	3	1	3	3	12	10	Partially achieved	Meetings to be hold as planned	
		To provide technical services to the technical portfolio committee of council	Number of portfolio committee meetings attended	n/a as this is a new target	n/a as this is a new target	11	3	3	3	2	6	5	3	1	2	1	11	7	Partially achieved	Meetings to be hold as planned	
		To ensure that vacant posts are filled within the technical services department	Number of vacant posts filled within the technical services department	n/a as this is a new target	n/a as this is a new target	27	27 p.a	2	27 p.a	5	27 p.a	7	27 p.a	4	27 p.a	0	27 p.a	11	Partially achieved	Posts to be timeously filled	
		To maintain the sports grounds	Number of days which grass has been cut	n/a as this is a new target	n/a as this is a new target	6	1 round every 8 weeks	-	1 round every 8 weeks	1.5 rounds	3 rounds every 24 weeks	1.5 rounds	1 round every 8 weeks	1.5 rounds	1.5 rounds	1.5 rounds	6	4.5 rounds	Target achieved		
2. Service delivery and infrastructure	KPA2: Basic Service Delivery	Produce graves, maintenance & ensure quality of grave digging machine	Digging of Graves	n/a as this is a new target	n/a as this is a new target	actual	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	actual	100%	Target achieved		
	KPA2: Basic Service Delivery	To Maintain Public Toilets in Dundee	Number of days in which the public toilets are cleaned in Dundee	n/a as this is a new target	n/a as this is a new target	305	77	77	77	77	154	154	77	76	77	73	305	303	Target achieved		
		To maintain the sports grounds	Number of weeks which grass has been cut at sports grounds	50%	50%	52	13	0	13	13	26	13	13	13	13	13	52	39	Target achieved		
		To maintain the gardens	Number of days which grass has been cut at parks and gardens	50%	50%	6	1 round every 8 weeks	-	1 round every 8 weeks	1.5 times	3 rounds every 24 weeks	1.5 rounds	1 round every 8 weeks	1.5 times	1.5 times	1.5 times	6	4.5 rounds	Target achieved		
3. Service delivery and infrastructure		To monitor service provider and consulting engineers	Number of meetings held with the service provider and consulting engineers	n/a as this is a new target	n/a as this is a new target	4	1	1	1	2	2	3	1	2	1	1	4	6	Target achieved		
		Bulk Bin Collection from the main area & streets	Number of days from which refuse is collected from bulk bins (4.5M ³) on public property	100%	90%	260	65	26	65	27	130	53	65	38	65	40	260	131	Partially achieved	Target to be investigated to achievability	
		Collection from urban households, health centres and accommodation establishments	Number of households and businesses (excluding indigent households) from which refuse is collected	100%	90%	312 days	78 days	76	78 days	63	156 days	139	78 days	62	78 days	60	312 days	261	Partially achieved	Target to be investigated to achievability	
	KPA2: Basic Service Delivery	Removal of refuse from bulk waste storage bins provided to shack dwellers	Number of days from which refuse is collected from bulk waste storage bins provided to shack dwellers	100%	90%	52	13	13	13	14	26	27	13	12	13	8	52	47	Partially achieved	Target to be investigated to achievability	
4. Service delivery and infrastructure	KPA2: Basic Service Delivery	Produce public swimming pool facility	Number of days that swimming pool is cleaned by utilising pool cleaning chemicals	n/a as this is a new target	n/a as this is a new target	260	65	64	65	69	130	133	65	71	65	68	260	272	Target achieved		
		Maintain roads in municipal area	Number of potholes repaired	n/a as this is a new target	n/a as this is a new target	Actual	Actual	250	Actual	1806	Actual	2155	Actual	2578	Actual	2974	Actual	7708	Target achieved		
		Maintain storm water system	Number of broken catch pit covers replaced	n/a as this is a new target	n/a as this is a new target	19	5	-	5	18	10	18	5	9	4	0	19	45	Target achieved		
		To Maintain public Toilets in Glencoe	Number of days in which the public toilets are cleaned in Glencoe	n/a as this is a new target	n/a as this is a new target	305	77	77	77	77	154	154	77	76	77	73	305	303	Target achieved		
		Produce public swimming pool facility	Number of days that swimming pool is cleaned by utilising pool cleaning chemicals	n/a as this is a new target	n/a as this is a new target	260	65	64	65	69	130	133	65	71	65	66	260	270	Target achieved		
		Apply for MIG funding for 2014/2015 financial year	To submit the implementation plan to COGTA by 31 October for approval	Submit implementation plan	yes	Submit implementation plan	31-Oct	n/a	31-Oct	Submitted to COGTA	31-Oct	Submitted to COGTA	31-Oct	n/a	31-Oct	n/a	Submitted to COGTA	Submitted to COGTA	Target achieved		

ANNEXURE B: TECHNICAL SERVICES DEPARTMENT

ENDUMENI MUNICIPALITY - TECHNICAL SERVICES DEPARTMENT SCORE CARD

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ANNEXURE B: TECHNICAL SERVICES DEPARTMENT

ENDUMENI MUNICIPALITY - TECHNICAL SERVICES DEPARTMENT SCORE CARD																					
IDP Indicator no.	National KPA	Strategic objective	Measurable objective/output	Previous year			Q1 & Q2 performance				1/2 yearly performance				Q3 & Q4 performance				Annual performance report		Planned measures for improvement
				Target	Actual	Performance measure/ Indicator	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Target	Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Target	Actual	Status		
4. Service delivery and infrastructure	KPA4 : Financial Viability	To ensure the collection of the fees in line with the tariff of building charges for submitted for the 2013/2014 financial year	Fees received for building plans submitted by applicants (number of applicants who paid fees for submission of plans/ number of building plans received)	n/a as this is a new target	n/a as this is a new target	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	100%	Target achieved			
		To ensure the collection of the fees in line with the tariff of charges for signage's placed for the 2013/2014 financial year	Fees received for signage's submitted by applicants (number of applicants who paid fees for placement of posters/ number of applications for posters received)	n/a as this is a new target	n/a as this is a new target	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target achieved			
		To ensure that assets which have been budgeted for have been purchased to provide service delivery	Rand value of assets purchased	n/a as this is a new target	n/a as this is a new target	See Capital Budget schedule	R 35.309 million	R 2.170 million	R 35.309 million	R 4.034 million	R 35.309 million	R 4.034 million	R 35.309 million	R 5.298 million	R 35.309 million	R6.675 million	18.177million	Partially achieved	Capital spend will be monitored to ensure adequate service delivery		
4. Service delivery and infrastructure	KPA5: Good Governance	To ensure that safety representatives have been appointed in accordance with the occupational health and safety act	Number of safety representatives appointed	n/a as this is a new target	n/a as this is a new target	11 p.a	11 p.a	11	11 p.a	11	11 p.a	11	11 p.a	10	11 p.a	10	11 p.a	Target achieved			
		To ensure that all safety issues in terms of the occupational health and safety act and pertaining to the workplace is adhered to	Number of quarterly Occupational health and safety meetings held	n/a as this is a new target	n/a as this is a new target	4	1	1	1	1	2	2	1	1	1	1	4	Target achieved			
		To ensure that the beneficiaries as approved by the department of human settlements are still valid.	Advertisement in newspapers for beneficiaries who are required to be verified	n/a as this is a new target	n/a as this is a new target	Check indigent list	Check indigent list	Advert placed	Check indigent list	Advert placed	Check indigent list	Advert placed	Check indigent list	-	Check indigent list	-	Advert placed	Target achieved			
		To inform Community of progress with Housing projects	Number of meetings held with community	n/a as this is a new target	n/a as this is a new target	4	1	-	1	-	1	-	1	-	1	-	4	Target not achieved	Meetings to be held as planned		
4. Service delivery and infrastructure	KPA6: Spatial Development Framework	To promote spatial planning	To implement Endument Spatial Development Framework and Housing Plan	n/a as this is a new target	n/a as this is a new target	To obtain council approval	To obtain council approval	-	-	-	To obtain council approval	-	To obtain council approval	Presented and approved	n/a	Presented and approved	Target achieved				

ANNEXURE C: CORPORATE SERVICES DEPARTMENT

CHAPTER 3

CHAPTER 3

ANNEXURE C: CORPORATE SERVICES DEPARTMENT

ENDUMENI MUNICIPALITY - CORPORATE SERVICES DEPARTMENT SCORE CARD																										
IDP Indicator no.	National KPA	Strategic objective	Measurable objective/output	Previous year			Q1 & Q2 performance								1/2 yearly performance				Q3 & Q4 performance				Annual performance report		Performance	Planned measures for improvement
				Target	Actual	Performance measure/indicator	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Target	Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	Target	Actual	Target	Actual	Status					
7. Good Governance & public participation analysis: Administration Council and Committee	Good governance	Management of the Portfolio Committee System of the Municipality by scheduling Portfolio Committee, EXCO and Council meetings	Scheduling of Portfolio Committee meetings during the 2013 / 2014 financial year.	n/a as this is a new target	n/a as this is a new target	44	11	8	11	9	22	17	11	6	11	4	44	27	Partially achieved							
			Scheduling of Executive Committee meetings during the 2013 / 2014 financial year.	30 Meetings	42 Meetings	12	3	4	3	3	6	7	3	2	3	4	12	13	Target achieved							
			Scheduling of Council meetings during the 2013/2014 financial year			12	3	5	3	3	6	8	3	4	3	9	12	21	Target achieved							
5. Local Economic Development: Fire Fighting Service	Basic service delivery	To ensure the delivery of a comprehensive fire fighting service	Monthly Reporting on Fire & Emergency Incidents	12 Monthly Reports	12 Monthly Reports	12	3	3	3	3	6	6	3	3	3	3	12	12	Target achieved							
7. Good Governance & public participation analysis: Law Enforcement	Basic service delivery	To create a safer road and traffic environment for all road users through education and law enforcement	Rand Value of Revenue Received from Traffic Offenders	460 000 p.a	305 889	460 000 p.a	115 000	82 950	115 000	64 880	230 000	147 830	115 000	51 720	115 000	71 047.20	460 000 p.a	R 270 597	Partially achieved	This is based on the actual number of offences						
			Number of Road Blocks held Annually	8 Alco Road Blocks	4	8 p.a	2	-	2	-	4	-	2	-	2	-	8 p.a	-	Target not achieved	To be initiated						
			Number of Kilometres of Road Painted	40km	61.59km	40km p.a	10 km	16.412 km	10 km	5.54 km	20 km	21.95 km	10 km	7.33 km	10 km	20.39 km	40km p.a	49.67km	Target achieved							
5. Local Economic Development: Testing Grounds	Basic service delivery	To render an efficient service in terms of testing to the residents of Endumeni	Amount Received Annually in respect of Services Rendered at the Testing Station	2 900 000 p.a	3 369 610	2 900 000 p.a	725 000	905 300	725 000	834 410	1 450 000	1 739 710	725 000	941 560	725 000	733 590	2 900 000 p.a	3 414 860	Target achieved							
5. Local Economic Development: Social Development	Basic service delivery	To co-ordinate sport, arts, culture and social activities	Number of Sport, Arts & Cultural Activities and Training Programs Annually	30 p.a	21	30 p.a	30 p.a	8	30 p.a	8	30 p.a	16	30 p.a	2	30 p.a	4	30 p.a	22	Partially achieved	Municipality to be advertised subject to budget availability						
			Number of Youth events facilitated per annum	6 p.a	7	6 p.a	6 p.a	-	6 p.a	3	6 p.a	3	6 p.a	-	6 p.a	1	6 p.a	4	Partially achieved	Municipality to be advertised subject to budget availability						

ANNEXURE C: CORPORATE SERVICES DEPARTMENT

[illegible]

ENDUMENI MUNICIPALITY



ANNUAL REPORT 2013/2014 CHAPTER 4



CHAPTER 4

Chapter 4: Organisational Development Performance (Performance Report Part II)

1. Component A – Introduction to the municipal work force
 - 1.1. Organisation of administration
2. Component B – Work force levels
 - 2.1. Organogram
 - 2.2. Work place profile
3. Component C – Capacitating the municipal work force
 - 3.1. Head count per department
 - 3.2. Gender representation
 - 3.3. Number of youth, female, disabled and Black staff employed
 - 3.4. Staff movement
4. Component D – Managing the municipal work force
 - 4.1. Status of critical posts
 - 4.2. Powers and functions of the Endumeni Municipality
 - 4.3. Municipal planning and performance management regulations (PMS)
 - 4.4. Employee costs analysis
 - 4.5. Municipal transformation and organisational development



CHAPTER 4

1. Component A – Introduction to the municipal work force

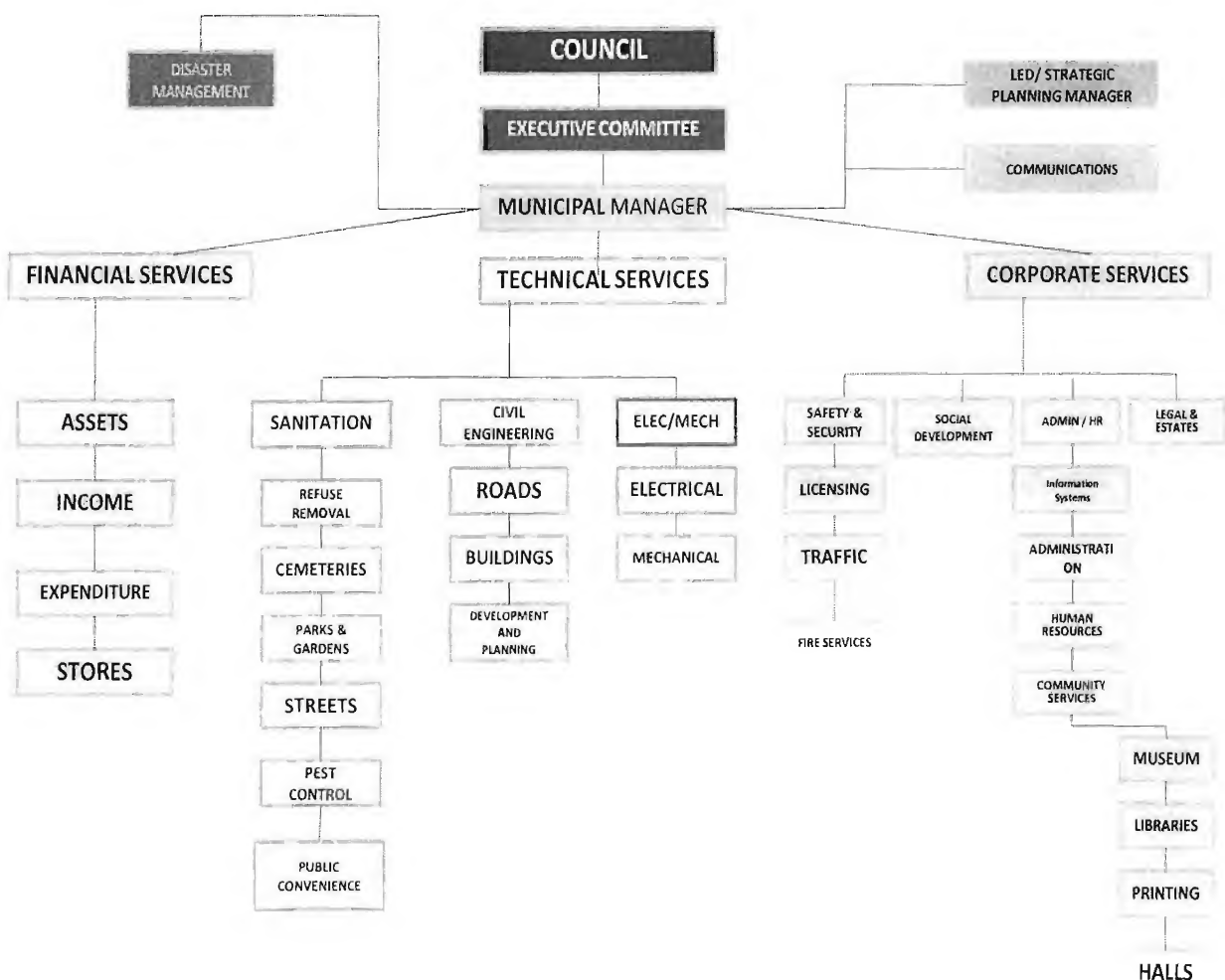
1.1. Organisation of administration

The Municipality's Management team is headed by the Municipal Manager who functions under the political directive of the Mayor. There are three Section 57 Managers, existent in the structure, who report directly to the Municipal Manager namely: the Executive Manager Technical Services, the Executive Manager Corporate Services and the Chief Financial Officer.

The management team monitors, implements and reviews various Council resolutions as well as the performance of various sub-directorates of the Municipality.

2. Component B – Work force levels

2.1. Organogram





CHAPTER 4

2.2. Work place profile

The Endumeni Municipality has a total staff compliment of 308 permanent employees. The organograms for all departments was submitted to the Local Labour Forum for approval and all organograms were reviewed and amended by Council.

The employees of the Endumeni Municipality are represented on the organizational structure as follows:

Race	Male	Female
African	166	66
Coloured	4	4
Indian	11	19
White	21	17
Other	nil	nil

3. Component C – Capacitating the municipal work force

3.1. Head count per department

The following departments and sections exist within the Endumeni Municipality:

- Municipal Manager:
Internal Audit (Outsourced), Strategic Planning, Support Services and Disaster Management and Performance Management services
- Technical Services:
Sanitation, Civil Engineering, Electrical, Mechanical and Communications & LED
- Corporate Services:
Administration, Safety & Security, Social Development and Legal & Estates
- Finance:
Income and Expenditure

The post of LED Manager has been advertised and will be filled shortly.



CHAPTER 4

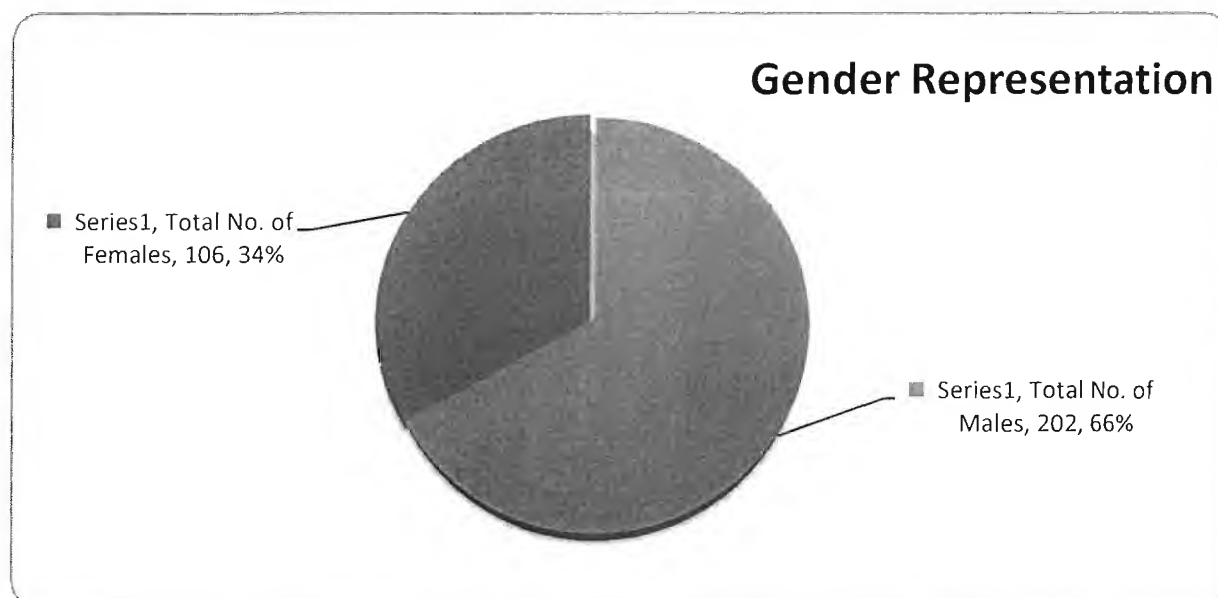
The table below displays the number of employees in the various departments:

Department	Permanent	Contract*	Total
Municipal Manager	6	1	7
Technical Services	161	Vacant	161
Corporate Services	95	Vacant	95
Finance	42	Vacant	42
Total	308	1	309

* - Contract employed (S56 and/or S57 manager)

3.2. Gender representation

The ratio of males to females is 1.9:1. There are a total of 202 males and 106 females and their respective percentages on the staff establishment is 66% and 34% respectively



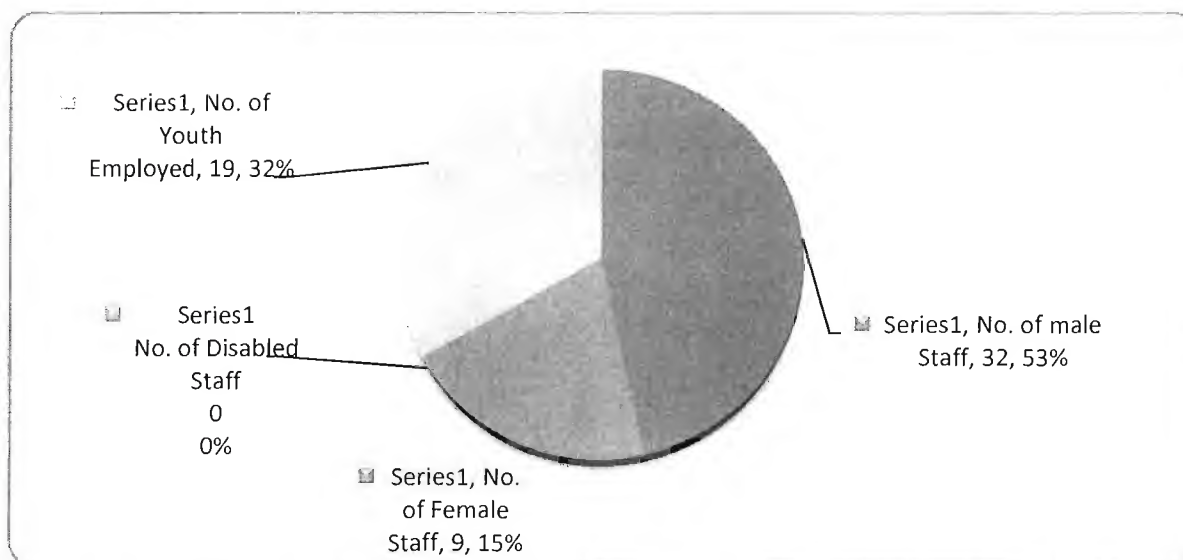


CHAPTER 4

3.3. Number of youth, female, disabled and Black staff employed

During the year there were a total of 60 new entrants of which 9 were females and 32 were males and 19 youth were employed all of whom were black.

The graph below displays the percentage of youth, female and Black staff employed:



3.4. Staff movement

Staff movements occur due to various reasons such as resignation, death, ill health, pension, dismissal and from new employees entering the Councils service.

During the year there were 41 new appointments. Six staff members had been pensioned as they had attained pension age of 65 years, two deaths, and 27 resigned/terminated.

4. Component D – Managing the municipal work force

4.1. Status of critical posts

4.1.1. Municipal manager

The municipal manager is currently suspended and COGTA have seconded an acting municipal manager to run the affairs of the municipality while waiting for the suspension to be resolved.



CHAPTER 4

4.1.2. Section 57 (the Executive Manager Technical Services, the Executive Manager Corporate Services and the Chief Financial Officer)

The council has recently resolved not to renew the contracts of employment of the 3 section 57 managers, and in the interim have appointed three acting managers.

4.1.3. IDP / PMS Manager

This post belongs in the Municipal Managers office and is vacant; Council has recently passed a policy which extends performance monitoring to other staff in general and not only to Section 57 Managers. This task warrants the expansion of human resources to a fully-fledged Performance Management Component whose task will specialize in ensuring that the performance monitoring function is executed in a fully competent manner.

4.1.4. Local Economic Development Officer

This post was strategically created in order to fulfil the urgent need to stimulate economic growth at Endumeni Municipality. The vacant post has been advertised and needs to be filled as soon as possible

4.2. Powers and functions of the Endumeni Municipality

The Endumeni Municipality is a category B Municipality as described in Section 155(1)(b) of the Constitution of the Republic of South Africa 1996. The powers and functions of the Endumeni Municipality are in compliance with Section 156 of the Constitution of the Republic of South Africa, 1996.

POWERS & FUNCTIONS	CAPACITY/ CHALLENGES	INTERVENTION/ ACTION TAKEN
Building Regulations	Partial capacity. Appointment of Building Inspector as a specialized function is still outstanding	Interim appointment made
Electricity Reticulation	Reticulation on distribution functions performed satisfactorily	Occupational Health and Safety compliance outsourced
Fire Fighting Services	No capacity	Entire function is outsourced
Local Tourism	No capacity	Function subsidized to the Endumeni Tourism Board



CHAPTER 4

POWERS & FUNCTIONS	CAPACITY/ CHALLENGES	INTERVENTION/ ACTION TAKEN
Municipal Airport	Airfield managed by Endumeni Municipality	Runway lighting to be improved
Municipal Planning	Internal and Shared services	Agreements entered with sister Municipality within the District
Stormwater Management System in Built Up area	Functioning satisfactorily	Allocate more funds to improve stormwater management
Trading Regulations	Functioning satisfactorily in terms of Business Act	Annual licence renewals done
Cemeteries	Functioning satisfactorily	To plan for extended burial land space
Cleansing	Functioning satisfactorily	None
Billboards and Display of Advertisements in Public Places	Functioning satisfactorily	Signage Control Officer appointed for this function
Licensing and Control of undertaking that sell food to the public	Have capacity for licencing function. Control of sale of food function was transferred to the District Municipality in terms of Powers and Functions Allocations	Local Municipality and District Municipality jointly administer this function
Local Amenities	Have capacity – satisfactorily performed	None
Municipal Parks & Recreation	Have capacity – Satisfactorily performed	None
Municipal Roads	Have capacity, financial challenge to meet all road defect compliance	Ensure budget provision spread over a long term maintenance plan
Pounds	No capacity	Function to be outsourced in terms of Section 76 of the Municipal Systems Act



CHAPTER 4

POWERS & FUNCTIONS	CAPACITY/ CHALLENGES	INTERVENTION/ ACTION TAKEN
Public Places	Have capacity – Satisfactorily performed	None
Refuse Removal, Refuse dumps and Solid Waste disposal	Have capacity – illegal dumping is an issue	Appointed Peace Officer to curb dumping issue. Assisted by the District Municipal Health Authority
Street Trading	LED Officer still to be appointed to regulate street trading problems	To appoint LED Officer
Street Lighting	Have capacity – Satisfactorily performed	None
Traffic and Parking	Have capacity – Satisfactorily performed	Change of Legislation in terms of AARTO Act expected in near future
Libraries	Have capacity – Satisfactorily performed	None
Museums	Have capacity – Satisfactorily performed	None
Municipal Halls and other Municipal Buildings	Have capacity – Satisfactorily performed	None
Financial Planning and Budgeting	Have capacity – Satisfactorily performed	None
Expenditure and Related Liabilities	Have capacity – Satisfactorily performed	None
Income and Related Credit Management	Have capacity – Debt collection to be improved	Debt Collection component to be expanded with additional staff appointments
Control of Council's Assets	This function has been recently improved and in progress of being compliant	Asset Management being updated and brought under control



CHAPTER 4

POWERS & FUNCTIONS	CAPACITY/ CHALLENGES	INTERVENTION/ ACTION TAKEN
Investments	Satisfactorily managed	None
Financial Reporting	Financial reporting obligations are satisfactorily met	Regular reporting to Provincial and National Treasury and COGTA

4.3. Municipal planning and performance management regulations (PMS)

The Municipal Planning and performance Management Regulations set out in detail the requirements for Municipal PM systems. The regulations state that any PMS must entail a Framework that describes a represent how the Municipality's cycle and process of performance management including measurement, review, reporting and improvement, will be conducted. The system must also comply with the requirements of The Systems Act, relates to the municipality's employee performance management processes and be inked to the Municipality's IDP

In terms of the Regulation a municipality must:

- Set key performance indicators (KPI's) including input, output and outcome indicators in consultation with communities.
- For each financial year set performance targets
- Measure and report on 9 nationally prescribed KPI's
- Report on performance to Council at least twice a year
- As part of its internal audit process audit the results of performance measurement
- Annually appoint a performance audit committee
- Provide secretarial support to the said audit committee

The Municipal Finance Management Act contains various important provisions related to performance management. It requires all municipalities to:

- Annually adopt a service delivery and budget implementation plan with service delivery targets and performance indicators.
- When considering and approving the annual budget set measurable performance targets for revenue from each source and for each vote in the budget.
- Compile an annual report, which must amongst others include a Municipality's performance report compiled in terms of the Systems Act



CHAPTER 4

4.3.1. Performance Management System (PMS) process plan

The PMS was developed in terms of a formal process plan adopted by the Endumeni Municipal Council. The FINAL 2012/2013 Process Plan sets out the phases and action steps to be followed in developing and refining the system: The FINAL IDP, Budget and PMS Review Process Plan.

The deliverables for each of the phases are as follows:

Phase 1: Starting the process of developing a performance management system

- Detailed project charter with timeframes
- Delegated responsibilities to the Municipal Manager
- Institutional arrangements to facilitate the development of a PMS

Phase 2: Developing an organisational performance management system

- Detailed situational analysis
- Public participation plan and structure to facilitate community involvement in developing the PMS.
- Workshop for Councillors and senior Management on performance management
- Departmental key performance indicators and targets set out in Departmental Scorecards
- Detailed performance management framework setting out inter alia how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted and managed.
- Approved organisational Performance Management system

Phase 3: Performance agreements for top management

- Written performance agreements for the Municipal Manager and all Heads of Department

Phase 4: develop an employee performance appraisal system

- Individual Performance Management Policy and Procedure Manual
- Workshop for senior managers to enable them to enable them to implement the said manual

Phase 5: Conclude and sign off the project

- Project charter signed off as complete



CHAPTER 4

The PMS System also sets out the generally accepted principles which will be applied in developing a system for the Endumeni Municipality and clarifies the roles and responsibilities of the various role-players during the process. Copies of the said plan are available upon request.

In terms of the progress made in developing the PMS the following has been finalised to date:

- The delegation of responsibilities to the Manager
- Setting up institutional arrangements to facilitate the process
- The compilation of performance agreements and plans for the Municipal Manager and Heads of Departments
- The compilation of a manual to evaluate the performance of all Managers
- Conducting a PMS capacity building workshop for Councillors and Senior Managers
- The legislative framework for PMS
- PMS at various levels
- Objectives of the Endumeni Municipality PMS
- Principles informing the development of the PMS
- Preferred performance management for Endumeni
- The process of managing performance and development
- The auditing of performance levels of key performance indicators
- General issues related to performance management
- An audit committee has been established and training completed
- The Organisational Performance Management System 2011/2012 was advertised and formally adapted by the Endumeni Municipality per resolution C01/13/05/11.
- The Organisational Performance Management System for 2012/2013 to 2016/2017 will be advertised with the IDP and adopted in due course.

The Organisational Performance Management System 2013/2014 consists of the following documents appended.

- Departmental Scorecards:
 - Finance, (Annexure A)
 - Technical Services (Annexure B) and
 - Corporate Services (Annexure C)

The Organisational Scorecards were subjected to a review by internal audit and submitted on a quarterly basis to the Audit Committee.

The Municipality's Management namely the Municipal Manager, the Executive Manager Technical Services, the Executive Manager Corporate Services and the Chief Financial Officer, was not assessed as they performed the roles and responsibilities in an acting capacity and therefore no performance agreements were signed.



CHAPTER 4

4.4. Employee costs analysis

EMPLOYEE RELATED COSTS	2013	2012
Employee related costs - Salaries and Wages	41,117,568	40,889,339
Annuation Insurance	10,774	10,774
Performance and other bonuses	3,225,652	3,734,425
Casual labour	358,693	633,363
Group Life	349,540	416,457
Leave	2,562,156	1,597,416
Medical Aid	3,247,631	2,921,006
Housing allowances	215,040	231,757
Protective clothing and uniforms	215,828	151,939
Overtime payments	1,520,045	1,264,116
Pension	8,225,033	8,456,321
Post Retirement Benefits	-	1,275,766
SALGA Shop fee	23,952	21,694
SARPA Membership	1,772	3,518
SAMRO	4,144	4,546
Standby Allowance	322,892	192,801
Sundry Allowance	1,007,509	940,959
Transport allowance	3,601,656	3,709,591
UIF	397,113	366,946
Employee related costs - Contributions for UIF, pensions and medical aids		
Travel, motor car, accommodation, subsistence and other allowances		
Other employee related costs		
Total	66,406,997	66,822,733

REMUNERATION OF COUNCILLORS

Executive Mayor	393,673	367,448
Deputy Executive Mayor	319,112	307,756
Speaker	319,112	296,438
Executive Committee Member	300,471	278,685
Councillors	1,346,185	1,282,656
Councillors' travel allowances	395,695	394,592
Total Councillors' Remuneration	3,074,248	2,927,575

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor and Speaker are part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has one full-time bodyguard and a driver. The Deputy Executive Mayor has a driver.



CHAPTER 4

4.5. Municipal transformation and organisational development

Municipal transformation and organizational development analysis		
Strengths	Weakness	
Capable and Skilled officials	Limited resources	Insufficient HR (as per Organogram)
Structures	Transformation on snail's pace	Lack of skills (WSP)
Active Unions (Local Labour Forum)	Failure of implementing the Succession Plan	Lack of managerial equity (EEP)
	Lack of Manager in the Office of MM	Lack of implementation of EEP
	No HR Strategy	Lack of implementation of WSP
	Organisational Structure not aligned to IDP	<i>Political and Administrative interference</i>
	Insufficient delegations to MM	Inconsistent application of regulations (Change Management Strategy)
Opportunities	Threats	
Grant Funding	Losing skilled personnel through natural attrition	
External Technical Support		



CHAPTER 4

Departmental Scorecards:

Finance, (Annexure A)

Technical Services (Annexure B) and

Corporate Services (Annexure C).



CHAPTER 4

ANNEXURE A: FINANCE DEPARTMENT

PERFORMANCE PLAN – ACTING CHIEF FINANCIAL OFFICER 2013/14

NAME:		LINE MANAGER:	
EMPLOYEE NO.		JOB TITLE:	MUNICIPAL MANAGER
JOB TITLE:	ACTING CHIEF FINANCIAL OFFICER	BUSINESS UNIT / SITE	
DIVISION / BUSINESS UNIT:	FINANCIAL SERVICES	PERIOD:	01 JULY 2013 TO 30 JUNE 2014
SITE:		REVIEW DATE:	01 JULY 2013 TO 30 JUNE 2014
RATING SCALE	1. Not meeting the standards; 2. Meet some of the standards; 3. Meet all the standards; 4. Meet all & exceed some standards; 5. Meet & exceed all standards		

Key Performance Area's (KPA's) Weight =80%
 Core Competency requirements (CCR's) Weight =20%



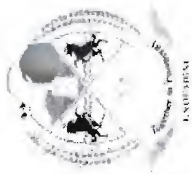
CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
KPA 4 FINANCIAL VIABILITY Strategic and sustainable budgeting	20%	Compile and annually update the municipality's medium term expenditure framework	Draft Budget report 2014/2015 complete by 31 March	Completed	
			Mid-year Report to be tabled 25/01/2014 at council meeting	Completed	
			Adjustment budget Report to be tabled 28/02/2014 at council meeting	Completed	
			STRATEGIC AND SUSTAINABLE BUDGETING - FINAL SCORE		



CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
KPA 4 FINANCIAL VIABILITY Budget monitoring	15%	Monitoring of key ratios and to ensure effective expenditure control	Total actual salaries and wages expenditure (including benefits) to be within the 2013/14 budget Quarterly s71 report (Rand value spent including benefits) 75.6million	67.51 million	
			Total actual operating expenditure to be within the 2013/14 budget Quarterly s71 report (Rand value spent) R221million	184.10 million	
			Debt -Equity Ratio within norm of 1:1	'0.49:1	
			BUDGET MONITORING - FINAL SCORE		



CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
Financial Viability	15%	To monitor the financial viability of the Endumeni Municipality	Outstanding Service Debtors to Revenue as defines in the Municipal Planning and Performance Management Regulations (2001) (A=B/C) [50%]	62%	
			Cost Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=(B+C)/D) [3:1]	'2.57:1	
			Debt Coverage as defined in the Municipal Planning and Performance Management Regulations (2001) (A=(B-C)/D) 75 times	69.54	
			FINANCIAL MONITORING - FINAL SCORE		



CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
Sound financial management and reporting	15%	To submit annual financial statements to the Auditor General within the legislated timeframes	Submission of GRAP compliant Annual Financial Statements to the Auditor General within the legislated deadline. 31/08/2013 - AFS submission to AG	Submitted 30 August 2013	
		To ensure that a sample of assets are verified on bi-annual basis and the asset register updated	Bi -annual Asset verification report completed	Verification performed. Expected report to be received 20 Aug 2014	
		To ensure that there are systems and procedures to ensure that all creditors are paid within the legislated or contractual deadlines	Payment of creditors within 30 days of receipt of invoice	30days	

CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
		SOUND FINANCIAL MANAGEMENT AND REPORTING - FINAL SCORE			
Value for money expenditure	15%	To eliminate fruitless and wasteful expenditure incurred by Finance Directorate	Zero fruitless and wasteful expenditure	R 258 103.21	
		To eliminate irregular expenditure incurred by Finance Directorate	Zero irregular expenditure	0	
		VALUE FOR MONEY EXPENDITURE - FINAL SCORE			
Compliance with laws and regulations	20%	100% spending on grants	100% spending on conditional grants (FMG, PWFG, MIG, MSIG, INEG)	100%	



CHAPTER 4

Key Performance Area's (KPA's)	Weight	Performance Indicators/ Key Deliverable/Output	Target/Standard/Measure	Progress on date of review	Score
		Maintain or improve on the AG audit opinion 2011/12	Unqualified with other matters	Unqualified with other matters	
COMPLIANCE WITH LAWS AND REGULATIONS - FINAL SCORE					



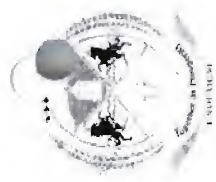
CHAPTER 4

Core Competency Requirements	Weight	Performance Indicators/ Key Deliverable / Output	Target/Standard/Measure	Progress on date of review	Score
Strategic Capability and Leadership	25%	See competency framework	See competency framework		
Financial Management	25%	See competency framework	See competency framework		
Project Management	25%	See competency framework	See competency framework		
Communication	25%	See competency framework	See competency framework		



CHAPTER 4

INDIVIDUAL TRAINING & PERSONAL DEVELOPMENT PLAN (PDP)			
SIGNATURES			
Signature	Date	Signature	Date



CHAPTER 4

PERFORMANCE MANAGER: TECHNICAL SERVICES 2013/14

NAME:		LINE MANAGER:	
EMPLOYEE NO.		JOB TITLE:	MUNICIPAL MANAGER
JOB TITLE:	ACTING MANAGER TECHNICAL SERVICES	BUSINESS UNIT / SITE	
DIVISION / BUSINESS UNIT:	TECHNICAL SERVICES	PERIOD:	01 JULY 2013 TO 30 JUNE 2014
SITE:	CIVIC CENTRE DUNDEE	REVIEW DATE:	01 JULY 2013 TO 30 JUNE 2014
RATING SCALE	1. Not meeting the standards; 2. Meet some of the standards; 3. Meet all the standards; 4. Meet all & exceed some standards; 5. Meet & exceed all standards		

Key Performance Area's (KPA's) Weight =80%

Core Competency requirements (CCR's) Weight =20%

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA1: Municipal Transformation & Organisational Development	1. To monitor performance within the technical services department		Number of management meeting held within the technical department during the 2013/2014 financial year	12	10	Co-ordinate duties and feedback	
	To provide information to the technical portfolio committee of council		Number of portfolio committee meetings attended	11	7	To report Dept. Performance to Committee	
	To ensure that Critical vacant posts are budgeted for		Number of vacant posts filled within the technical services department	27 for year	11	To ensure service delivery	
FINAL SCORE							

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
	2. To maintain the runway & open spaces (Aerodrome)		Number of days which grass has been cut.	6	4.5 rounds	To ensure safety to aircrafts	
	3. Provide graves & maintenance & ensure availability of grave digging machine		% of graves dug for applicants (126)	actual	100%		
	4. To Maintain Public Toilets in Dundee		Number of days in which the public toilets are cleaned in Dundee	305	303	To provide clean toilets	
	5. To maintain the sports grounds		Number of days which grass has been cut at sports grounds	52	39	To provide acceptable facilities	
	6. To maintain the parks and gardens		Number of days which grass has been cut at parks and gardens	6	4.5	To maintain acceptable conditions	



CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA2: Basic Service Delivery	7. To monitor Landfill Site requirements in Glencoe		Number of meetings held with the service provider and consulting engineers	4	6	To ensure compliance with Licence	
	8. Bulk Bin collection from the taxi rank area & streets		Number of days from which refuse is collected from bulk bins (4,5M ³) on public property	260	131	To keep streets clean	
	9. Collection from urban households, health centres and accommodation establishments and businesses		Number of households and businesses (excluding indigent households) from which refuse is collected	312	261	To prevent health hazards & illegal dumping	
	10. Removal of refuse from bulk waste storage bins provided to shack dwellers		Number of days from which refuse is collected from bulk waste storage bins provided to shack dwellers	52	47	To prevent refuse dumping	
	11. Collection of refuse from indigent households		Number of indigent households from which refuse is collected	52	50	To provide a weekly service	



CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
	12. Provide public swimming pool facility Sibongile		Number of days that swimming pool is cleaned by utilising pool cleansing chemicals	260	272	To provide acceptable clean pool	
	13. Maintain roads in municipal area		Number of potholes repaired	Actual	7708	To prevent accidents	
			Number of speed bumps constructed	19	45	Planned for 2 nd Q	
	14. Maintain stormwater system		Number of broken catch pit covers replaced Number of catchpits cleaned and opened drains	100%	100%	Focus was on cleaning catchpits To prevent flooding	
	15. To Maintain Public Toilets in Glencoe		Number of days in which the public toilets are cleaned in Glencoe	305	303	Provide clean toilets to public	

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
	16. Provide public swimming pool facility at HassimCassim Pool		Number of days that swimming pool is cleaned by utilising pool cleansing chemicals	260	270	Provide clean facility	
	17. Apply for MIG funding for 2014/2015 financial year		To submit the Implementation plan to COGTA by 31 October for approval	Submit implementation plan	Implementation plan submitted to COGTA	To prevent delays of projects	
	18. To provide service delivery relating to MIG projects		% of capital budget spent on MIG projects	13 311 000.00	13 311 000.00	Council to approve Colley St bulk project	
	19. To provide ramps at public halls and library		Construct ramps	1 p.a	-		

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA2: Basic Service Delivery	20. Rehabilitation of community roads within the residential and semi-urban areas of the municipality		Approval by council of slurry seal road project	1 800 000	341 396	Planned for 3 rd Q approval and Execution	
	21. To facilitate access to electricity for each consumer within Endumeni Municipality		Number of new electricity services provided	50	67	Applications received by customers	
	22. To identify areas in which theft of electricity occurs.		% of households with electricity connections	100%	71%	Awaiting new housing schemes	
			% Electricity theft losses Dundee/Sibongile (after line losses)	15%	20.37%	Council to approve meter audit service provider	



CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
			% Electricity theft losses Glencoe/Sithembile (after line losses)	30%	32.55%	Council to approve meter audit service provider	
	23. To ensure safe and reliable electricity supply through maintenance on the Electrical Low and medium Voltage network		Number of physical inspections performed on networks	600	866	To prevent Electrical grit failures	
	24. Expansion of electrification of households within Endumeni in accordance with the Integrated National Electricity Programme (INEP)		Number of meetings with contractor to monitor performance	12	3		
	25. To improve the reliability and quality of electricity supply through the upgrading of the Electrical Low Voltage network		Capital budget spent on Low Voltage network upgrade project	600 000 p.a	547 842.84	To improve electrical network	

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
	26.Reduce the losses incurred in the distribution of electricity		Resolution to be obtained by council for Approval of tender for electrical auditing	Appointment of service provider	Service provided appointed		
	27.To monitor the regular feedback obtained from the implementing agent with regard to low cost housing developments Sithembile Phase 2		% of number of claims processed and submitted over number of claims received	100%	100%	To prevent delays in housing project	
	28.To provide low cost houses in Sithembile Phase 2		No. of Houses built	492 p.a	11		
	29.To monitor the regular feedback obtained from the implementing agent with regard to Buffer Strip Sibongile phase 2		% of number of claims processed and submitted over number of claims received	100%	100%	To prevent delays in housing project	

CHAPTER 4

[illegible]

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA3: Local Economic Development	31. To appoint an LED manager		Advertise the post & Appoint the suitable candidate	To compile advert	3		
	To appoint temporary labour under the EPWP scheme		Number of posts advertised for the temporary general workers in various sections	299 p.a	15	As the EPWP scheme intensifies, additional labour will be hired	
	FINAL SCORE						

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA4: Financial Viability	32. To ensure the collection of the fees in line with the tariff of charges for building submitted for the 2013/2014 financial year		Fees received for building plans submitted by applicants and approved (number of applicants who paid fees for submission of plans/ number of building plans received)	100%	100%	R20890.28 was generated	
	To ensure the collection of the fees in line with the tariff of charges for signage placed for the 2013/2014 financial year		Fees received for signage submitted by applicants and approved (number of applicants who paid fees for placement of posters/ number of applications for posters received)	100%	100%	R28618.49 was generated	
	To ensure that assets which have been budgeted for have been purchased to provide service delivery		Rand value of assets purchased	See Capital Budget schedule	18.177million	Nothing purchased in 1 st Quarter	
FINAL SCORE							

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
	33. To ensure that safety representatives have been appointed in accordance with the occupational health and safety act		Number of safety representatives appointed	11 p.a	10	To ensure performance as prescribed by the OHS Act	
	To ensure that all safety issues in terms of the occupational health and safety act and pertaining to the workplace is adhered to		Number of quarterly Occupational health and safety meetings held	4	4	To comply with OHS Act	
	To ensure that the beneficiaries as approved by the department of human settlements are still valid.		Advertisement in newspapers for beneficiaries who are required to be verified	Check indigent list	Advert placed	To prevent delays in housing project	

CHAPTER 4

Key Performance Area's (KPA'S)	Objective	Weight	Key Performance Indicators	Target	Actual	Reasons for Performance	Score
KPA5: Good Governance	To Inform Community of Progress with Housing projects		Number of meetings held with community	4	-		
FINAL SCORE							

CHAPTER 4

FINAL SCORE

CHAPTER 4

Core Competency Requirements	Weight	Performance Indicators/ Key Deliverable / Output	Target/Standard/Measure	Progress on date of review	Score
Strategic Capability and Leadership	25%	See competency framework	See competency framework		
Financial Management	25%	See competency framework	See competency framework		
People Management and Empowerment	25%	See competency framework	See competency framework		
Client orientation, commercial Diplomacy and Customer focus	25%	See competency framework	See competency framework		



CHAPTER 4

INDIVIDUAL TRAINING & PERSONAL DEVELOPMENT PLAN (PDP)

SIGNATURES

Employee's Comments PMS

Line Manager's Comments In Order

Signature

Date

Signature

Date



CHAPTER 4

ANNEXURE C CORPORATE SERVICES

PERFORMANCE PLAN – MANAGER: CORPORATE SERVICES 2013/14

NAME:		LINE MANAGER:	
EMPLOYEE NO.		JOB TITLE:	ACTING MUNICIPAL MANAGER
JOB TITLE:	ACTING EXECUTIVE MANAGER: CORPORATE SERVICES	BUSINESS UNIT / SITE	
DIVISION / BUSINESS UNIT:	CORPORATE SERVICES	PERIOD:	01 JULY 2013 TO 30 JUNE 2014
SITE:		REVIEW DATE:	01 JULY 2013 TO 30 JUNE 2014
RATING SCALE	1. Not meeting the standards; 2. Meet some of the standards; 3. Meet all the standards; 4. Meet all & exceed some standards; 5. Meet & exceed all standards		

Key Performance Area's (KPA's) Weight =80%

Core Competency requirements (CCR's) Weight =20%

CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
1. BASIC SERVICE DELIVERY: TO RENDER COMMUNITY SERVICES TO THE RESIDENTS OF ENDUMENI MUNICIPALITY	1.1 To render an efficient library service to the residents of Endumeni		Number of Library Services Reports per Library	12 per Library	12 Reports Submitted		
	1.2 To provide an efficient museum service for the residents of Endumeni, KwaZulu-Natal, South Africa and Internationally		Number of Reports from Talana Museum	12	12 Reports Submitted		
	1.3 To create a safer road and traffic environment for all road users through education and law enforcement		Number of Reports from Traffic Department	12	12 Reports Submitted		
	1.4 To render an efficient service in terms of testing to the residents of Endumeni		Number of Reports from Testing Station	12	12 Reports Submitted		
	COMMUNITY SERVICES - FINAL SCORE						

CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
2. MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION: EMPLOYMENT EQUITY	2.1 To annually review Council's Employment Equity and submit to Department of Labour		Employment Equity Plan in place and reviewed annually: September 2013	1 per Annum	Plan submitted to Department of Labour		
			EMPLOYMENT EQUITY - FINAL SCORE				
3. SOCIAL & ECONOMIC DEVELOPMENT: HIV/AIDS	3.1 To mitigate the effect of the HIV/AIDS Pandemic		Annual HIV/ Aids awareness campaign	2	Nil		
			HIV/ AIDS - FINAL SCORE				
4. MUNICIPAL INSTITUTION	4.1 To Manage the Endumeni Municipality and staff		Endumeni Staff Profile – 4 Quarterly Reports	4	4 Reports Submitted		



CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
AL DEVELOPMENT & TRANSFORMATION: HUMAN RESOURCE MANAGEMENT	4.2 To ensure HR policies are current		Ensure all policies are reviewed annually	4	4		
	4.3 To ensure good Labour relations		Number of LLF meetings	12	4		
	4.4 To promote sound OHS principles in the workplace		Number of OHS meetings	4	5		
			HUMAN RESOURCE MANAGEMENT - FINAL SCORE				

CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
5. MUNICIPAL INSTITUTIONAL DEVELOPMENT & TRANSFORMATION: WORKPLACE SKILLS	To advance the skills levels of the employees of Endumeni		Annually reviewed workplace skills plan in place: 20 April 2014	1	1		
			WORKPLACE SKILLS - FINAL SCORE				
6. GOOD GOVERNANCE	To communicate and update the Endumeni community with information via the municipal website		Website updated regularly – 4 Quarterly Reports	4	2		
	To ensure all IT policies as required by the AG are updated and implemented		Compile, review and implement policies	Actual	Nil		

CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
			INFORMATION TECHNOLOGY – TOTAL SCORE				
7. SOCIAL & ECONOMIC DEVELOPMENT: SOCIAL DEVELOPMENT	To co-ordinate sport, youth, arts, culture and social activities		4 Quarterly Reports	4	4		
			SOCIAL DEVELOPMENT – TOTAL SCORE				
8. GOOD GOVERNANCE & COMMUNITY PARTICIPATION: COUNCIL & COMMITTEE WORK	To enable the Council to meet and take decisions on deliverables		Number of Portfolio, Exco and Council Meetings held during the year. Target: 44 Portfolio Meetings, 12 EXCO meetings and 12 Council Meetings	68	61		
			COUNCIL & COMMITTEE WORK – TOTAL SCORE				

CHAPTER 4

Key Performance Area's (KPA's)	Objective	Weight	Key Performance Indicators	Target	Actual	Reason for Performance	Score
9. FINANCIAL VIABILITY & MANAGEMENT	To ensure all budgeted vacancies in the departments are filled		Number of Vacancies filled	Actual	8		
			FINANCIAL VIABILITY & MANAGEMENT – TOTAL SCORE				



CHAPTER 4

Core Competency Requirements	Weight	Performance Indicators/ Key Deliverable / Output	Target/Standard/Measure	Progress on date of review	Score
Strategic Capability and Leadership	25%	See competency framework	See competency framework		
Financial Management	25%	See competency framework	See competency framework		
Project Management	25%	See competency framework	See competency framework		
Communication	25%	See competency framework	See competency framework		

CHAPTER 4

INDIVIDUAL TRAINING & PERSONAL DEVELOPMENT PLAN (PDP)

SIGNATURES

Employee's Comments _____

Signature _____ Date _____

Line Manager's Comments _____

Signature _____

Date _____



CHAPTER 5

ENDUMENI MUNICIPALITY



ANNUAL REPORT 2013/2014

CHAPTER 5



CHAPTER 5

Chapter 5: Financial Performance

1. Component A – Statement of Financial Performance
2. Component B – Spending against Capital budget
3. Component C – Cash Flow Management and Investments
 - 3.1. Cash Flow Management
 - 3.2. The capital and investment programmes are set in the main IDP document.
4. Component D – Other Financial Matters



CHAPTER 5

1. Component A - Statement of Financial Performance

Financial Plan 2013 – 2018

The Endumeni Municipality has a challenging task of carrying out its mandate of facilitating development, managing competing priorities within budgetary constraints and delivering the numerous projects identified by the community in the IDP.

The Endumeni Municipality has recognised that to be successful the IDP must be linked to a workable financial plan, which includes a multi-year budget developed using financial modelling. Furthermore, it was recognised that without the financial plan, the IDP would be incomplete. The Municipal Finance Management Act No. 56 of 2003 (MFMA) requires the municipality to take into account the IDP during the budget preparation process. It further requires the municipality to take all reasonable steps to ensure the municipality revises the IDP in terms of Section 34 of the MSA, taking into account realistic revenue and expenditure projections for future years.

Consequently the IDP process has been extended to include the financial plan in this section of the IDP. The financial plan is set out as follows:

- Financial strategies for the 5 year period
- Financial issues
- Detailed 5 year financial action plan
- Capital and investment program

In addition to other strategies identified the Council is embarking on implementing a turnaround strategy and have identified the following key focus areas:

1. Compile a System of written Delegations in terms of Section 79 and 82 of MFMA (Act 56 of 2003)
2. Develop a Revenue Enhancement Strategy and Policy and implementation thereof
3. Capacitating and training of relevant Finance Staff in:
 - Annual Financial Statements
 - SDBIP
 - Budgets
 - Asset Management
 - GRAP Reporting
 - GRAP Compliance
 - Risk Assessment
4. Develop and implement a Communication Strategy



CHAPTER 5

The details of these strategies are outlined in the financial action plan that follows this section.

Financial Strategies

The financial strategies adopted by Council include a general strategy which will apply to the detailed strategies, a financial resources (capital and operational) strategy, revenue raising strategy, asset management strategy, capital financing strategy, operational financing strategy and cost effectiveness strategy. These strategies have been incorporated into a detailed financial action plan that follows this section. More details of the aforementioned strategies are set out below.

Social responsibility

All aspects of matters relating to financial matters will take cognisance of council's social responsibility. These include Council's indigent policy and recognising that certain sections of the community do not have to pay for these services. A further aspect of social responsibility will focus on transformation and empowerment, for example in Council's procurement policy.

Engendering investor and consumer confidence

Council main aim is to increase investor and consumer confidence by building on the sound financial base. This will include developing sufficient reserves and limiting risks by ensuring that major contracts are awarded to "blue chip" partners and suppliers. At the same time Council must take cognisance of its social responsibilities and will only enter into agreements with partners and suppliers who can demonstrate a significant and continuing contribution to the empowerment of previously disadvantaged communities.

It is envisaged that an alliance with "blue chip" partners and suppliers will in the long term contribute to the betterment of the community through investment and increased employment opportunities. Although preference on major contracts will be given to "blue chip" partners and suppliers, Council will at the same time seek to improve the fortunes of the community by awarding affordable smaller contracts to businesses and individuals' resident or operating within the jurisdiction of the Endumeni Municipality. In order to limit risk, Council reserves the right to have due diligence reviews conducted in respect of any new partners, institutions or suppliers, including major suppliers. Recognising that smaller contractors might have difficulty in securing lines of credit, Council will investigate mechanisms to assist these contractors without placing the Council at risk. One such method will be the direct payment to suppliers of the contractors via cession documents,



CHAPTER 5

such payments being limited to the amounts which the emerging contractors owe the supplier

An important factor considered by investors in relocating to an area is the ability of the authorities to demonstrate financial discipline, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports. It is intended that the business plan of the finance department will address these factors. In order for the finance department to deliver on these strategies, it is Council's intention to clearly define accounting policies and recruit the best finance people for that department. To this end, Council will define recruitment policy for finance staff, put in place a pre- and continuing education policy and develop career progression paths for designated finance staff. Like the IDP the financial action plan will be subject to a regular review and comparison of actual performance to predetermined performance measures.

Financial Resources

For the purposes of this plan, Council has considered financial resources for both capital projects and operational purposes. The various resources available to Council are summarised below.

Capital expenditure:

- External borrowings
- Grant funding from both National and Provincial government
- International funding
- Twin city funding
- Ring fenced statutory funds – housing
- Capital market
- Public/ private partnerships
- Disposal of un-utilised assets

Operational expenditure:

- Normal revenue streams
- Short term borrowings:

Revenue raising

The Endumeni Municipality's significant sources of revenue are: rates, electricity, refuse and grants. The contribution of the various streams to revenue will be subject to review. Whilst the issue of tariffs forms part of this financial plan, it is anticipated that the affected departments will be responsible for investigatory work.



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Asset management

It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilised/ uneconomic assets with a view to disposal as previously indicated. Although directly related to revenue raising it is appropriate to include the monitoring of rental income and policies with the asset management programme. This aspect of asset management will ensure that Council is receiving economic rentals from Council owned land and buildings which are rented out. Housing is a specialised field and will be considered separately from this financial plan.

Financial management

The Endumeni Municipality has a strong finance department and has established an external audit committee responsible for monitoring financial and other controls. In addition, Council is committed to sound financial management and the maintenance of a healthy economic base. Although the statutory requirement for the contribution to statutory funds has disappeared, Council will put in place policies, which will maintain sufficient contributions to similar funds established in terms of GRAP. Financial management policies and procedures for the entire municipality will be implemented.

In addition, financial management systems and procedures will be reviewed to incorporate the following:

- Budgeting methods
- Cash forecasts and cash flow monitoring against forecasts
- Credit policies with emphasis on minimum debtors
- Credit risk management
- Investment policies
- Management reporting
- Supply chain policies
- Stock levels for consumer stores
- Supplier payment periods
- Supplier selection and monitoring procedures

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. To assist finance staff achieve efficiencies in their daily tasks a performance review incorporating time and motion studies will be conducted on all functions. It is expected that this review will promote efficiencies in the finance department. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and



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measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritised and addressed accordingly.

Council recognises the need to maintain a positive cash flow at all times and will be investigating various avenues to improve cash flow. Strong positive cash flow will result in additional revenue in the form of interest earned.

Capital financing

When determining appropriate sources of funding it is important to assess the nature of projects, expected revenue streams and time frames for repayment. As a general guide, the following principles will apply:

- Statutory funds for fund specific projects (e.g. housing)
- National and provincial government funding for medium term and long term projects
- International funding for medium and long term projects
- External borrowings for long term revenue generating and strategic projects

Operational financing

Council's policy is to fund operating expenses from normal revenue streams with short term funding being used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short-term borrowings.

It is Council's intention to maintain a strong economic base by bringing in good working capital management including the setting aside of adequate provisions for working capital. It is anticipated that these reserves will be based on the same principles as currently apply to existing statutory funds in that the respective reserves will be cash backed.

Cost effectiveness

In any organisation it is necessary to strive for cost effectiveness. It is Council's intention to develop outsourcing policies and review all non-core services with a view to outsourcing or alternate service delivery. The effectiveness of departments and services provided by the departments will be subject to value for money reviews. It is expected that these reviews will achieve cost savings. The concept of shared service centres is being investigated with the objectives of seeking to obtain savings where services could be provided to a number of municipalities and possibly entities in the private sector.



CHAPTER 5

Detailed Financial Action Plan

- The financial action plan identifies the most feasible strategies to increase efficiency and cost effectiveness within the Municipality.
- The financial action plan incorporates strategies covering a period of 5 years.
- The implementation of the financial action plan requires a team effort. A team approach requires the involvement of the Council, Municipal Manager, Chief Financial Officer and all Heads of Departments in implementing these strategies.
- It is crucial that individuals to whom the responsibilities have been allocated according to the action plan be held accountable for the outcome of these actions.
- The progress made towards achieving these strategies should be measurable and it is essential that these strategies be included in the performance appraisals of individuals.

The key financial issues affecting the Endumeni Local Municipality are listed below.

- The total debt and the current debt are increasing per annum.
- The tampering of meters and theft of electricity is a major concern for the municipality.
- There is insufficient provision for doubtful debts.
- Training and capacitating of Finance staff is required.
- Accurate and timely cash flow management and monitoring is required.
- Financial reporting by the EM needs to be streamlined in line with GRAP.
- The strategies emanating from the revenue enhancement programme that is currently being undertaken will have to be implemented.



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CHAPTER 5

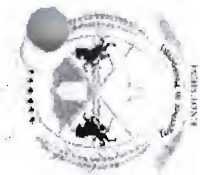
Financial Strategies and Action plan – 2013/2014 To 2017/2018

Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
Capital financing strategy	Reduce capital charges on external loans		<ul style="list-style-type: none"> Identify, establish, maintain and update database of all grant funders Approach prospective funders with IDP and Financial plan for funding 	CFO	2%	2%	2%	1%	1%
Asset management strategy	Reduce rental stock		<ul style="list-style-type: none"> Determine market value of houses Dispose of rental housing stock Update the asset register. 	CFO	100%				



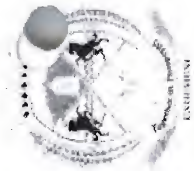
CHAPTER 5

Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
Financial management	Improve financial management	Improve financial management	<ul style="list-style-type: none"> Review the policy on the use of telephones Monitor and control the use of electricity by residents living in hostels Review all financial policies and procedures as per GRAP and document flow Determine operational costs of new capital projects Implement new PABX system Increase the provision for doubtful debts. 	CFO	5%	5%	5%	5%	5%



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Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
			<ul style="list-style-type: none"> • Make adequate provision for leave. • Implement controls for overtime • Implement a fraud prevention plan • Implement the revenue enhancement strategies to address the growing debt problem. 						
Rates & Tariffs		Restructure rating and service charges	<ul style="list-style-type: none"> • Implement rating and service charges that are affordable to all households • Implement existing rating 	CFO	4%	4%	5%	5%	6%



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Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
			and service charges of industries and farms <ul style="list-style-type: none"> Establish Land Use Management System (LUMS) and conduct a land audit 						
Credit control & debt collection		Improve debt collection and collect arrear debt	<ul style="list-style-type: none"> Conduct a debt awareness campaign with councillors, staff and community Implement debt collection strategies 	CFO	15%	15%	15%	15%	15%
Cost Effectiveness	Conduct a cost benefit analysis of functions		<ul style="list-style-type: none"> Conduct cost benefit analysis of all services Freeze all non essential 	CFO	2%	2%	2%	1%	1%

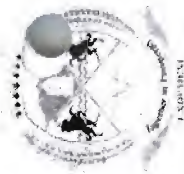


CHAPTER 5

Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
			<p>posts</p> <ul style="list-style-type: none"> • Reduce the Expenditure on Salaries from 39.31% of budget to 33% which is the industry norm • Establish convenient pay points for electricity • Establish a shared service centre with other municipalities for billing • Establish a consumer help desk 						
Implement a turnaround		Develop and implement revenue	<ul style="list-style-type: none"> • Prioritise revenue enhancement 	CFO					

CHAPTER 5

Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
strategy		enhancement strategy	<ul style="list-style-type: none"> • strategies • Compile roll out and implementation plan 						
		Develop and implement revenue management policies	<ul style="list-style-type: none"> • Implement revenue enhancement strategies 	CFO					
		Reduce tampering and theft of electricity	<ul style="list-style-type: none"> • Perform meter audits to identify tampering • Implement punitive measures against offenders 	CFO					
		Build capacity in finance departments	Capacitate and train relevant Finance Staff in: <ul style="list-style-type: none"> • Financial Statements • SDBIP 	CFO					



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Financial strategy	Reduce costs	Impact	Action required	Responsible person	2013/14	2014/15	2015/16	2016/17	2017/18
			<ul style="list-style-type: none"> Budgets Asset Management GRAP Reporting GRAP Compliance Risk Assessment 						
		Develop and implement a communication strategy	<ul style="list-style-type: none"> Secure funding from National Treasury Call for public tenders Appoint service provider 	Director Planning					
		Compile a System of written Delegations in terms of Section 79 and 82 of MFMA (Act 56 of 2003)	<ul style="list-style-type: none"> The municipality will develop the delegations in-house 	CFO					



CHAPTER 5

2. Component B – Spending against Capital budget

3. Component C – Cash Flow Management and Investments

3.1. Cash Flow management

3.2. The capital and investment programmes are set in the main IDP document.

Financial projections have been developed using a financial model developed for the Endumeni Municipality. A summary of the financial modelling process and assumptions produced by management are set out below:

- The financial projections are based on a financial model developed for the Endumeni Municipality
- The model is used to assess the financial feasibility of those capital projects outlined in the IDP
- The financial model is dependant on the 2013/14 operating budget and the two years forecasted budgets,
- The critical financial inputs are existing loans, new loans, sources of funding, costs and terms of borrowing.

4. Component D – Other Financial Matters

Endumení Municipality



Financíal Statements
2013/2014

Annual Financial Statements

for

Endumeni Municipality

for the year ended 30 June:

2014

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Acting Municipal Manager:	Mr SP Zulu
Name of Acting Chief Financial Officer:	Ms CB Mkhize
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Name of relevant Auditor:	Auditor General
Contact telephone number:	0332647400
Contact e-mail address:	preshneem@aqsa.co.za
Name of contact at National Treasury:	Ayanda Lekopa
Contact telephone number:	012 315 5453
Contact e-mail address:	Ayanda.Lekopa@treasury.gov.za

Endumeni Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

General information

Members of the Council

Cllr TM Mahaye
Cllr TB Mkhize
Cllr SB Mdluli
Cllr AM Raubenheimer
Cllr E Adam
Cllr Ms WN Mbatha
Cllr JA Mfeka
Cllr NS Ntuli
Cllr SR Mbatha
Cllr LP Mbhele
Cllr Ms TI Makaba
Cllr SW Dhlamini

Mayor
Deputy Mayor
Speaker
Member of the Executive Committee
Member
Member
Member
Member
Member
Member
Member

Acting Municipal Manager
Mr SP Zulu

Acting Chief Financial Officer
Ms CB Mkhize

Grading of Local Authority
3

Auditors

Auditor-General

Bankers

FNB Bank

Endumeni Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

General information (continued)

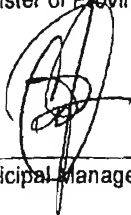
Registered Office:	Endumeni Municipality
Physical address:	64 Victoria Street Civic Centre Dundee 3000
Postal address:	Private Bag X2024 Dundee 3000
Telephone number:	0342122121
Fax number:	0342123856
E-mail address:	<u>caroline@endumeni.gov.za</u>

Endumeni Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. However, the municipality faces challenges of debtor non-payment and the high rate of electricity losses due to theft. This may have future financial implications on the operations of the municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Acting Municipal Manager: Mr SP Zulu

29 August 2014

Endumeni Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

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Endumeni Municipality
Statement of Financial Position
as at 30 June 2014

	Note	2014 R	2013 Restated R
ASSETS			
Current assets		57,357,495	58,652,007
Inventories	2	3,801,342	3,065,522
Bank balances and cash	3	2,620,919	2,043,833
Current portion of non-current receivables	4	51,097	57,670
Trade and other receivables from exchange transactions	5	5,149,420	5,890,949
Trade and other receivables from non-exchange transactions	6	9,916,971	7,555,868
Current investments	7	35,810,546	40,030,965
Other current financial assets	8	7,200	7,200
Non-current assets		202,452,046	195,743,165
Non-current receivables	4	473,793	478,433
Property, plant and equipment	9	183,506,935	176,767,760
Intangible assets	10	46,284	71,937
Investment property	11	18,425,034	18,425,034
Total assets		259,809,541	254,395,172
LIABILITIES			
Current liabilities		39,045,080	38,170,468
Trade and other payables from exchange transactions	12	26,364,757	23,981,037
Consumer deposits	13	3,624,592	3,259,018
VAT payable	14	2,624,404	2,352,464
Current portion of unspent conditional grants and receipts	16	4,168,042	6,325,749
Current portion of long-term borrowings	17	2,263,284	2,252,200
Non-current liabilities		65,489,274	59,935,223
Non-current borrowings	17	7,093,009	8,980,653
Non-current provisions	15	9,527,855	6,330,612
Defined benefit plan obligations	45	48,868,410	44,623,957
NET ASSETS		155,275,188	156,289,481
Housing Development Fund	18	4,065,051	3,930,609
Other Reserves	19	1,656,260	313,481
Accumulated surplus / (deficit)		149,553,877	152,045,391
Total net assets		155,275,188	156,289,481

Endumeni Municipality
Statement of Financial Performance
for the year ending 30 June 2014

	Note	2014	2013
		R	Restated R
REVENUE			
Revenue from exchange transactions		108,993,092	104,575,595
Service charges	21	100,532,794	95,756,467
Rental of facilities and equipment	22	1,357,421	1,286,912
Interest earned - external investments	23	1,952,413	1,957,691
Interest earned - outstanding receivables	24	3,403	3,187
Licences and permits		4,397,463	4,288,003
Other income from exchange transactions	26	749,599	1,283,335
Revenue from non-exchange transactions		114,220,750	110,945,261
Property rates	20	48,013,502	45,454,388
Property rates - penalties and collection charges		6,814,972	6,190,913
Fines		1,086,364	487,040
Government grants and subsidies	25	58,305,912	58,812,920
Total revenue		223,213,842	215,520,856
EXPENSES			
Employee related costs	27	66,406,997	66,822,733
Remuneration of councillors	28	3,074,248	2,927,575
Adjustment to bad debts provision		12,189,519	9,013,383
Adjustment to landfill site provision		3,197,243	1,711,872
Collection costs		2,743,871	2,512,466
Depreciation and amortisation expense	29	7,296,875	6,767,057
Amortisation		23,104	35,967
Repairs and maintenance		6,371,803	5,495,957
Finance costs	30	1,251,918	1,448,618
Bulk purchases	31	68,977,529	62,805,704
Contracted services	32	1,387,899	2,062,642
General expenses	33	43,301,191	38,028,416
Retirement and long services benefits	45	5,663,588	5,124,488
Total expenses		221,885,785	204,756,876
Gain / (loss) on sale of assets	34	(221,251)	-
(Impairment loss) / Reversal of impairment loss	35	(3,480,866)	-
Gain / (loss) on fair value adjustment	36	-	6,553,034
Inventories: (Impairment loss)/ Reversal of impairment loss	35	(117,454)	(73,186)
Surplus / (deficit) for the period		-2,491,514	17,243,828

Endumeni Municipality
Statement of Changes in Net Assets
as at 30 June 2014

	Housing Development Fund	Insurance Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R	R
Opening balance as previously reported 2012				
Prior period Errors Assets (Refer to Note 40)	3,804,975	758,517	132,553,633	137,117,125
Prior period Errors Newly identified asset not capitalised			1,497,929	1,497,929
			750,000	
Restated Balance as at 30 June 2012	3,804,975	758,517	134,801,562	139,365,054
Surplus for the year - restated in Note 40				
Transactions for the year	132,751	-446,966	17,243,828	17,243,828
Prior period Errors (Refer to Note 40)	-7,117	1,930		-314,215
Effect of rounding in the financial statements			1	-5,187
				1
Restated Balance as at 30 June 2013	3,930,609	313,481	152,045,391	156,289,481
Surplus / (deficit) for the period				
Transactions for the year	134,441	1,342,779	-2,491,514	-2,491,514
Effect of rounding in the financial statements			0	1,477,221
				0
Balance at 30 June 2014	4,065,051	1,656,260	149,553,877	155,275,188

Endumeni Municipality
Cash Flow Statements
as at 30 June 2014

	Note	2014 R	2013 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		206,766,926	263,003,111
Sales of goods and services		150,618,721	206,542,531
Grants		56,148,206	56,460,580
Payments		191,880,287	240,640,683
Employee costs		67,087,355	67,087,356
Suppliers		124,792,933	173,553,328
Cash generated from operations	37	14,886,639	22,362,427
Interest received		1,955,816	1,960,878
Interest paid		-1,251,918	-1,448,618
Net cash flows from operating activities		15,590,537	22,874,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		-17,735,617	-26,275,013
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	-
Purchase of intangibles		-	-
Decrease/(Increase) in Loans and receivables		12,734	24,061
Net cash flows from investing activities		-17,722,884	-26,250,952
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of borrowings		-1,876,560	-1,631,903
Decrease/(Increase) in Consumer deposits		365,574	351,698
Net cash flows from financing activities		-1,510,986	-1,280,205
Net increase / (decrease) in cash and cash equivalents		-3,643,333	-4,656,469
Net cash and cash equivalents at beginning of period		42,074,798	46,731,267
Net cash and cash equivalents at end of period	38	38,431,465	42,074,798

Endumeni Municipality
Statement of Comparison of Budget and Actual Information
as at 30 June 2014

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Financial Performance														
Property rates	63,867,805	-	63,867,805		63,867,805	54,828,473		-9,039,332	86	86				51,645,301
Service charges	104,464,928	-	104,464,928		104,464,928	100,532,794		-3,932,134	96	96				95,796,467
Investment revenue	1,900,000	-	1,900,000		1,900,000	1,952,413		52,413	103	103				1,957,891
Transfers recognised - operational	45,697,001	387,000	46,084,001		46,084,001	44,994,912		-1,089,089	98	98				46,378,920
Other own revenue	15,447,630	-8,150,000	7,297,630		7,297,630	7,594,250		296,620	104	104				13,901,511
Total Revenue (excluding capital transfers and contributions)	231,377,364	-7,763,000	223,614,364		223,614,364	209,902,842		-13,711,522	94	94				209,639,890
Employee costs	82,835,349	-1,711,542	81,123,807	49,200	81,173,007	66,406,997	-14,766,010	-14,766,010	82	80				66,822,733
Remuneration of councillors	3,148,337	-	3,148,337	-	3,148,337	3,074,248	-74,089	-74,089	98	98				2,927,575
Debt impairment	3,825,285	-	3,825,285	-	3,825,285	12,189,519	8,364,234	8,364,234	319	319				9,013,383
Depreciation & asset impairment	10,547,357	-	10,547,357	-	10,547,357	10,800,845	253,488	253,488	102	102				6,803,023
Finance charges	1,251,920	-	1,251,920	-	1,251,920	1,251,918	-2	-2	100	100				1,448,618
Materials and bulk purchases	70,258,913	155,845	70,414,758	2,500	70,417,258	69,750,106	-667,152	-667,152	99	99				83,137,550
Transfers and grants	3,872,286	-1,400,000	2,472,286		2,472,286	1,297,030	-1,175,256	-1,175,256	52	33				1,433,819
Other expenditure	59,702,644	1,916,491	61,619,135	-54,000	61,565,135	50,934,693	-630,442	-630,442	99	102				53,243,361
Total Expenditure	235,442,091	-1,039,206	234,402,885	-2,300	234,400,585	225,705,356	-8,695,229	-8,695,229	96	96				203,830,081
Surplus/(Deficit)	-4,064,727	-6,723,794	-10,788,521		-10,786,221	-15,802,514		-5,016,293	147	389				4,809,828
Transfers recognised - capital	13,311,000	-	13,311,000		13,311,000	13,311,000			100	100				12,434,000
Contributions recognised - capital & contributed assets														
Surplus/(Deficit) after capital transfers & contributions	9,246,273	-6,723,794	2,522,479		2,524,779	-2,491,514		-5,016,293	-99	-27				17,243,828
Share of surplus/ (deficit) of associate														
Surplus/(Deficit) for the year	9,246,273	-6,723,794	2,522,479		2,524,779	-2,491,514		-5,016,293	-99	-27				17,243,828
Capital expenditure & funds sources	35,308,713	-	35,308,713		35,308,713	13,311,000		-5,151,385	72	72				10,251,000
Transfers recognised - capital	18,482,385	-	18,482,385		18,482,385	13,311,000		-5,151,385	72	72				16,024,013
Public contributions & donations	3,200,000	-	3,200,000		3,200,000	4,424,617		3,200,000	47	32				26,275,013
Borrowing	13,646,328	-4,230,705	9,415,623		9,415,623	4,424,617		-4,991,006	47	32				16,024,013
Internally generated funds	35,308,713	-	35,308,713		35,308,713	17,735,617		-13,342,391	57	50				26,275,013
Total sources of capital funds	35,308,713	-4,230,705	31,078,008		31,078,008	17,735,617		-13,342,391	57	50				26,275,013
Cash flows														
Net cash from (used) operating	25,321,743	1,426,206	26,747,949		26,747,949	15,590,537		-11,157,412	58	62				22,874,688
Net cash from (used) investing	-26,890,974	-3,919,295	-30,810,269		-30,810,269	-17,722,884		13,087,385	58	66				-26,250,952
Net cash from (used) financing	682,751	-	682,751		682,751	-1,510,986		-2,193,737	-221	-221				-1,280,205
Cash/cash equivalents at the year end	37,246,706	-2,493,089	34,753,617		34,753,617	38,431,465		3,677,848	111	103				42,074,798

Endumeni Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
as at 30 June 2014

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months. The municipality however faces challenges of debtor non-payment for municipal services and a high rate of electricity losses due to theft. This may have future implications on the operations of the municipality.

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided to these financial statements and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality.

GRAP 32 - Service Concession Arrangements: Grantor
GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 108 - Statutory Receivables
IGRAP 17 - Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset
GRAP 18 - Segment Reporting
GRAP 20 - Related Party Disclosures

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

1.2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	3 - 100 years	Machinery and equipment	3 - 20 years
Electricity	3 - 80 years	Furniture and Equipment	3 - 50 years
Water	5 - 100 years	Motor Vehicles	4 - 20 years
Sewerage	10 - 60 years	Buildings	5 - 30 years
Other	10 - 30 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 HERITAGE ASSETS

INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) the cost or fair value of the asset can be measured reliably.

INITIAL MEASUREMENT

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

SUBSEQUENT MEASUREMENT

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses

DERECOGNITION

The carrying amount of a heritage asset is derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.4 INTANGIBLE ASSETS

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
 - it is technically feasible to complete the intangible asset;
 - the municipality has the resources to complete the project; and
 - it is probable that the municipality will receive future economic benefits or service potential;
- the municipality has the ability to measure reliably the expenditure during development

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2 - 5 years
-------------------	-------------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENT

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 INVESTMENT PROPERTY

INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.6 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining cost is the weighted-average method.

DERECOGNITION

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.71 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.72 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.73 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.74 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.75 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.76 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.77 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of consumables and sundry items is recognised when the risk is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

EXPENDITURE FROM EXCHANGE

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from spot fines and summonses are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.78 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms on the Housing Act (Act 107 of 1997)

Sections 15 (5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa), read with inter alia section 16(2), the Housing Act required that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, to be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

1.79 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.8 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1.81 POST-EMPLOYMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution funds

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

POST RE-TIREMENT HEALTH CARE BENEFITS

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

1.82 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount).

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

INVESTMENT PROPERTY HELD AT COST

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

HERITAGE ASSETS

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

BIOLOGICAL ASSETS HELD AT COST

Where the carrying amount of an item of biological assets held at cost is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of biological assets held at cost have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

RELATED PARTIES

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or is a member of the key management of the municipality. Refer to Note 48 - Related Parties

CAPITAL COMMITMENTS

A capital commitment is a binding agreement to undertake capital expenditure at some time in the future which has not yet become an actual liability

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

Note	2014 R	2013 Restated R
2 INVENTORIES		
Electricity	2,763,136	2,186,689
Consumable stores	763,546	633,560
Mechanical spares	34,024	36,489
Fuel and oils	240,636	208,785
Closing balance of inventories	<u>3,801,342</u>	<u>3,065,522</u>
Write down of inventory	<u>61,768</u>	<u>188,279</u>
Inventory has been impaired for redundant and obsolete items		
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority. The stock write down for the current year is still subject to council approval		
3 BANK BALANCES AND CASH		
Cash and cash equivalents consist of the following:		
Cash on hand	17,110	17,010
Cash at bank	<u>2,603,809</u>	<u>2,026,823</u>
	<u>2,620,919</u>	<u>2,043,833</u>
The Municipality has the following bank accounts: - <u>Current Account (Primary Bank Account)</u>		
First National Bank Account - Dundee Branch Account Number 62025460651: Cheque Account		
Cash book balance at beginning of year	<u>2,026,823</u>	<u>935,447</u>
Cash book balance at end of year	<u>2,603,809</u>	<u>2,026,823</u>
Bank statement balance at beginning of year	<u>2,026,823</u>	<u>935,447</u>
Bank statement balance at end of year	<u>2,603,809</u>	<u>2,026,823</u>
4 NON-CURRENT RECEIVABLES		
Housing - Selling scheme loans	1,146,937	1,139,688
Housing - Sibongile	579,548	582,548
Housing - Individual selling scheme loans	179,384	196,367
	<u>1,905,869</u>	<u>1,918,603</u>
Less : Provision for housing receivables	<u>-1,380,979</u>	<u>-1,382,499</u>
	524,890	536,104
Less : Current portion transferred to current receivables	<u>-51,097</u>	<u>-57,670</u>
Total Receivables	<u>473,793</u>	<u>478,433</u>
HOUSING SELLING SCHEME LOANS		
Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Human Settlements programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%		
5 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade and Other Receivables from Exchange</u>	R	R
Electricity	4,555,332	5,401,340
Refuse	16,815,983	14,392,498
Debtors for Value Added Taxation	3,140,285	2,880,234
Estate	79,305	76,448
Interest	11,241,059	9,744,019
Refund	75,490	112,920
Spare	900	900
Deposit Housing	8,221	3,739
Deposit Electricity	26,184	61,381
Receipt	(407 292)	(472 866)
Housing Levy	334,076	225,269
Legal Fees	149,517	156,135
Sundry Adjustments	555,868	562,986
Reassessment of prior year service debtors		
Total Service Debtors	<u>36,574,929</u>	<u>33,145,004</u>
Provision for Doubtful Debts	<u>(31 425 509)</u>	<u>(27 254 055)</u>
Total	<u>5,149,420</u>	<u>5,890,949</u>

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

	Note	2014 R	2013 Restated R
<u>Electricity: Ageing</u>			
Current (0 – 30 days)		3 526 252	4 018 634
31 - 60 Days		217 421	345 266
61 - 90 Days		107 361	50 578
91 - 120 Days		20 580	133 881
Greater than 120 days		883 718	852 981
Total		4 555 332	5 401 340
<u>Refuse: Ageing</u>			
Current (0 – 30 days)		1 023 440	1 017 314
31 - 60 Days		395 779	433 321
61 - 90 Days		347 467	316 188
91 - 120 Days		331 631	299 189
Greater than 120 days		14 717 668	12 326 486
Total		16 815 983	14 392 498
<u>Debtors for Value Added Taxation: Ageing</u>			
Current (0 – 30 days)		641 371	677 552
31 - 60 Days		87 442	110 244
61 - 90 Days		64 829	53 035
91 - 120 Days		50 076	61 753
Greater than 120 days		2 296 567	1 977 650
Total		3 140 285	2 880 234
<u>Estate: Ageing</u>			
Current (0 – 30 days)		1 443	2 777
31 - 60 Days		856	893
61 - 90 Days		657	720
91 - 120 Days		657	698
Greater than 120 days		75 692	71 360
Total		79 305	76 448
<u>Interest: Ageing</u>			
Current (0 – 30 days)		171,601	150,351
31 - 60 Days		167,595	148,917
61 - 90 Days		163,672	144,409
91 - 120 Days		161,234	140,613
Greater than 120 days		10,576,957	9,161,729
Total		11 241 059	9 744 019
<u>Refund: Ageing</u>			
Current (0 – 30 days)		12 661	31 064
31 - 60 Days		392	705
61 - 90 Days		300	183
91 - 120 Days		200	174
Greater than 120 days		61 938	80 794
Total		75 490	112 920
<u>Spare: Ageing</u>			
Current (0 – 30 days)		-	-
31 - 60 Days		-	-
61 - 90 Days		-	-
91 - 120 Days		-	-
Greater than 120 days		900	900
Total		900	900
<u>Deposit Housing: Ageing</u>			
Current (0 – 30 days)		3 086	654
31 - 60 Days		300	150
61 - 90 Days		300	300
91 - 120 Days		250	2 250

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

Note	2014 R	2013 Restated R
Greater than 120 days	4 285	385
Total	8 221	3 739

Deposit Electricity: Ageing

Current (0 – 30 days)	4 000	16 547
31 - 60 Days	300	2 286
61 - 90 Days	600	810
91 - 120 Days	425	3 740
Greater than 120 days	20 859	37 998
Total	26 184	61 381

Add back credits included above: Ageing

Current (0 – 30 days)	(129 394)	(203 223)
31 - 60 Days	(59 663)	(70 574)
61 - 90 Days	(37 169)	(37 225)
91 - 120 Days	(16 606)	(17 310)
Greater than 120 days	(164 459)	(144 534)
Total	(407 292)	(472 866)

Housing Levy: Ageing

Current (0 – 30 days)	37 814	34 579
31 - 60 Days	20 382	14 346
61 - 90 Days	17 685	13 076
91 - 120 Days	17 362	9 165
Greater than 120 days	240 833	154 103
Total	334 076	225 269

Legal Fees: Ageing

Current (0 – 30 days)	0	(196)
31 - 60 Days	346	
61 - 90 Days	270	
91 - 120 Days	-	156 331
Greater than 120 days	148 900	
Total	149 517	156 135

Sundry Adjustments: Ageing

Current (0 – 30 days)	14 301	13 378
31 - 60 Days	2 507	2 835
61 - 90 Days	1 362	4 022
91 - 120 Days	1 916	2 446
Greater than 120 days	535 782	540 305
Total	555 868	562 986

Included in the trade and Other Receivables from exchange balances are the amounts owed by other spheres of Government:

Other spheres of Government: Ageing

Current (0 – 30 days)	780 115	834 253
31 - 60 Days	298 964	333 861
61 - 90 Days	229 254	147 441
91 - 120 Days	118 554	136 991
Greater than 120 days	2 481 508	2 456 946
Total	3 908 395	3 909 492

Summary of Debtors by Customer Classification

	Consumers R	Industrial / Commercial R	National and Provincial Government R
as at 30 June 2014			
Current (0 – 30 days)	3,325,426	3,983,294	780,115
31 - 60 Days	1,332,404	144,263	298,964
61 - 90 Days	1,206,488	81,146	229,254
91 - 120 Days	1,160,682	77,795	118,554
121 - 365 Days	1,137,530	69,694	98,644
+ 365 Days	71,947,464	3,569,082	2,382,864
Sub-total	80,109,994	7,925,274	3,908,395
Total debtors			91,943,663
Add back consumers with credit balances			886,153
Total debtors by customer classification			92,829,816

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

	Note	2014 R	2013 Restated R
as at 30 June 2013			
Current (0 – 30 days)	3,532,859	3,883,242	834,253
31 - 60 Days	1,422,020	198,775	333,861
61 - 90 Days	1,189,682	3,754	147,441
91 - 120 Days	1,153,473	107,461	136,991
121 - 365 Days	1,053,510	95,070	90,742
+ 365 Days	64,375,622	3,124,258	2,366,204
Sub-total	72,727,166	7,412,560	3,909,492
Total debtors			84,049,218
Add back consumers with credit balances			652,489
Total debtors by customer classification			84,701,707

5 Reconciliation of the doubtful debt provision

Reconciliation of the Bad Debt Provision

Balance at beginning of the year	86 390 721	77 377 339
Revenue from exchange	27 254 055	65 500 872
Non-current receivables	1 382 499	1 384 890
Revenue from non-exchange	57 754 167	10 491 577
Contribution to provision	12 003 894	9 013 383
Revenue from exchange	4 171 454	(38 246 817)
Non-current receivables	(1 520)	(2 391)
Revenue from non-exchange	7 834 060	47 262 590
Revenue from exchange	31 425 509	27 254 055
Non-current receivables	1 380 979	1 382 499
Revenue from non-exchange	65 588 228	57 754 167
Balance at end of year	98 394 715	86 390 721
Bad debts written off against the provision	185 525	

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE
6 TRANSACTIONS

Trade Receivables - Property Rates	31 510 350	29 202 906
Penalties	22 655 105	20 477 677
Collection Fees	2 089 431	1 876 120
Other Debtors	9 513 575	3 473 004
Other Debtor - Umzinyathi District Municipality	6 048 709	6 048 709
Other Debtor - Operating Leases	9 890	553 482
Other Debtor - Department of Health - Subsidy	3 678 137	3 678 137
	75 505 199	65 310 035
Less provision for bad debts	(65 588 228)	(57 754 167)
Total	9 916 971	7 555 868

SIGNIFICANT UNCERTAINTY :

Included in the Umzinyathi District Municipality - Other Debtor is an amount of R4227 712. This amount is currently under dispute with the District Municipality and may not be recoverable. An impairment of this debtor has been accounted for in the current and prior years

Rates: Ageing

Current (0 – 30 days)	2 646 185	2 859 597
31 - 60 Days	714 218	687 540
61 - 90 Days	597 988	518 758
91 - 120 Days	520 530	480 968
Greater than 120 days	27 031 429	24 656 043
Total	31 510 350	29 202 906

Penalties: Ageing

Current (0 – 30 days)	261 489	244 005
31 - 60 Days	258 292	240 827
61 - 90 Days	255 205	238 026
91 - 120 Days	252 335	243 021
Greater than 120 days	21 627 784	19 511 798
Total	22 655 105	20 477 677

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

Note	2014 R	2013 Restated R
<u>Collection Fees: Ageing</u>		
Current (0 – 30 days)	41 768	39 810
31 - 60 Days	42 922	39 899
61 - 90 Days	39 822	37 996
91 - 120 Days	38 995	37 337
Greater than 120 days	1 925 924	1 721 078
Total	2 089 431	1 876 120

Property rates past due but not impaired

Property rates which are less than 3 months past due are not considered to be impaired. At 30 June 2014 R 989 816 were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	242,398
2 months past due	145,449
3 months past due	601,969

Property rates impaired

As of 30 June 2014, property rates of R 27 994 621 were impaired and provided for.

The ageing of these receivables is as follows:

3 to 5 months	2,052,117
Over 5 months	25,942,504

The fair value of property rates approximates their carrying amounts.

7 INVESTMENTS

7 CURRENT

Investments - Current Account	31 110 000	36 010 000
Investments - Museum Trust Fund	10 045	10 385
Investments - Government Grants and Subsidies	4 690 501	4 010 580
	35 810 546	40 030 965

ACCOUNT DESCRIPTION - Investments (MFMA requirement)

Investment Current Account

Absa Bank Account - Dundee Branch

Account Number 9072089566 : Call Account

Bank statement balance at the beginning of the year	6,000,000	6 000 000
Bank statement balance at the end of the year	6,000,000	6 000 000

Investment Current Account

First National Bank Account - Dundee Branch

Account Number 62113431390 : Money Market Account

Bank statement balance at the beginning of the year	30,010,000	31,019,991
Bank statement balance at the end of the year	25,110,000	30,010,000

TOTAL INVESTMENTS (CURRENT ACCOUNT) :

31 110 000	36 010 000
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Investment Museum Trust Fund

First National Bank Account - Dundee Branch

Account Number 62127781236 : Money Market Account

Bank statement balance at the beginning of the year	10,385	27,460
Bank statement balance at the end of the year	10,045	10,385

TOTAL INVESTMENT (MUSEUM TRUST FUND) :

10 045	10 385
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Investment Projects

First National Bank Account - Dundee Branch

Account Number 62047254941 : Call Account

Bank statement balance at the beginning of the year	2,318,561	1,412,057
Bank statement balance at the end of the year	2,993,230	2,318,561

Investment Sibongile Hostel

First National Bank Account - Dundee Branch

Account Number 62045928069 : Call Account

Bank statement balance at the beginning of the year	492,438	473,342
Bank statement balance at the end of the year	464,688	492,438

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2014

Note	2014 R	2013 Restated R
Investment Municipal Pound Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62310957131 : Call Account</i>		
Bank statement balance at the beginning of the year	133 808	1 030 379
Bank statement balance at the end of the year	-	133 808
Investment Sithembile Hostel <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62063967718 : Call Account</i>		
Bank statement balance at the beginning of the year	303 627	291 881
Bank statement balance at the end of the year	316 256	303 627
Investment Training of Councillors <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62310958098 : Call Account</i>		
Bank statement balance at the beginning of the year	27 602	149 136
Bank statement balance at the end of the year	27 602	27 602
Investment Development Info System Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62126662627 : Call Account</i>		
Bank statement balance at the beginning of the year	14 074	14 074
Bank statement balance at the end of the year	14 074	14 074
Investment Transfer / Buyback Centre <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62130398903 : Call Account</i>		
Bank statement balance at the beginning of the year	6 335	6 091
Bank statement balance at the end of the year	6 600	6 335
Investment DBSA IT Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173639926 : Call Account</i>		
Bank statement balance at the beginning of the year	323 633	323 633
Bank statement balance at the end of the year	323 633	323 633
Investment Sibongile Library Internet <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173631948 : Call Account</i>		
Bank statement balance at the beginning of the year	8 072	74 049
Bank statement balance at the end of the year	157 503	8 072
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62412969084 : Call Account</i>		
Bank statement balance at the beginning of the year	371 364	
Bank statement balance at the end of the year	386 915	371 364
Investment INEG <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62337661038 : Call Account</i>		
Bank statement balance at the beginning of the year		4 693 925
Bank statement balance at the end of the year		-
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62228322294 : Money Market Account</i>		
Bank statement balance at the beginning of the year	11 066	262 792
Bank statement balance at the end of the year	-	11 066
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :	4 690 501	4 010 580
TOTAL CURRENT INVESTMENTS	35 810 546	40 030 965
8 OTHER FINANCIAL ASSETS		
8 OTHER CURRENT FINANCIAL ASSETS		
Local registered stock - Estcourt Municipality	7 200	7 200
Total Receivables	7 200	7 200

9 PROPERTY, PLANT AND EQUIPMENT

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
as at 30 June 2014

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets under construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased Assets	Housing Letting schemes	Total
as at 1 July 2013	26,824,701	10,868,474	22,209,890	77,419,145	26,722,358	3,978,281	3,216,018	1,244,865	3,130,964	5,982	1,247,483	176,767,760
Cost/Revaluation	26,824,701	21,972,620	36,668,770	107,550,854	26,722,358	6,468,609	11,355,069	8,751,803	8,308,416	10,488	1,247,483	255,887,171
Accumulated depreciation	-	-11,104,146	-14,459,080	-29,567,267	-	-2,516,174	-7,814,438	-7,503,360	-5,014,531	-4,506	-	-77,983,503
Accumulated impairment	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908
Acquisitions	-	-	1,413	-	16,261,126	-	733,464	548,387	191,228	-	-	17,735,617
Assets under construction brought into use	-	49,842	-	3,848,525	-3,898,367	-	-	-	-	-	-	-
Depreciation	-	-893,795	-971,732	-3,801,066	-	-394,889	-572,678	-377,954	-481,774	-2,987	-	-7,296,875
Impairment	-	-893,193	-72,235	-2,239,132	-	-77,374	-151,351	-47,170	-412	-	-	-3,480,866
Carrying value of disposals	-	-	-	-	-	2,873	99,042	78,852	38,134	-	-	218,702
Cost/Revaluation	-	-	-	-	-	317,511	2,769,010	1,971,673	254,229	-	-	5,312,423
Accumulated depreciation	-	-	-	-314,837	-2,669,379	-1,892,821	-589	-	-216,095	-	-	-5,083,132
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-589
as at 30 June 2014	26,824,701	9,331,328	21,187,136	75,227,472	39,085,117	3,403,344	3,126,412	1,289,076	2,801,872	2,996	1,247,483	183,606,936
Cost/Revaluation	26,824,701	22,022,462	36,670,183	111,399,379	39,085,117	6,151,099	9,319,522	7,334,516	8,245,415	10,488	1,247,483	268,310,365
Accumulated depreciation	-	-11,797,941	-15,430,812	-33,368,333	-	-2,596,226	-5,717,736	-5,988,494	-5,280,210	-7,493	-	-80,187,246
Accumulated impairment	-	-893,193	-72,235	-2,803,574	-	-151,529	-475,374	-58,947	-163,333	-	-	-4,616,185

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Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Reconciliation of Carrying 9 Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets under construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased Assets	Housing Letting schemes	Total
as at 1 July 2012	26,074,701	11,594,451	23,225,662	80,422,630	1,639,902	3,920,089	3,529,636	1,662,494	3,182,908	6,967	1,247,483	156,609,804
Cost/Revaluation	26,074,701	21,972,620	36,668,770	107,550,854	1,639,902	6,165,725	11,012,187	6,683,012	7,836,416	10,488	1,247,483	228,962,158
Accumulated impairment	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908
Accumulated depreciation	-	-10,378,169	-13,442,108	-26,563,782	-	-2,171,501	-7,188,038	-7,010,741	-4,490,566	-1,521	-	-71,216,446
Acquisitions	-	-	-	-	25,082,456	302,884	342,862	74,791	472,000	-	-	26,275,013
Newly identified assets at fair value	750,000	-	-	-	-	-	-	-	-	-	-	750,000
Assets under construction brought into use	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-725,977	-1,016,972	-3,003,485	-	-344,673	-656,400	-492,619	-523,945	-2,985	-	-6,767,057
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-
as at 30 June 2013	26,824,701	10,868,474	22,209,890	77,419,145	26,722,358	3,878,281	3,216,018	1,244,665	3,130,964	5,982	1,247,483	176,767,760
Cost/Revaluation	26,824,701	21,972,620	36,668,770	107,550,854	26,722,358	6,468,609	11,355,069	8,757,803	8,308,416	10,488	1,247,483	255,887,171
Accumulated impairment	-	-11,104,146	-14,459,080	-29,567,267	-	-2,518,174	-7,814,438	-7,503,360	-5,014,531	-4,506	-	-77,983,503
Accumulated depreciation	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908

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Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014	2013 Restated
	R	R
10 INTANGIBLE ASSETS		
10 Reconciliation of carrying value		
as at 1 July 2013	71,937	107,904
Cost	1 396 385	1 396 385
Accumulated amortisation and impairment losses	(1 324 448)	(1 288 481)
Acquisitions		
Amortisation	(23 104)	(35 967)
Carrying value of disposals	2,550	-
Cost	480,509	-
Accumulated amortisation	(477,960)	-
as at 30 June 2014	46,284	71,937
Cost	915 876	1 396 385
Accumulated amortisation and impairment losses	(869 592)	(1 324 448)

The carrying value of intangible assets disclosed relate to computer software of R46 284

11 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

11 Reconciliation of fair value	Investment property	Total
as at 1 July 2013	18 425 034	18 425 034
Acquisitions	-	-
Fair value adjustment	-	-
as at 30 June 2014	18 425 034	18 425 034

11 Reconciliation of fair value	Investment property	Total
as at 1 July 2012	11 872 000	11 872 000
Acquisitions	-	-
Fair value adjustment	6,553,034	6,553,034
as at 30 June 2013	18 425 034	18 425 034

The fair values of these properties as valued by councils valuer at 01 July 2013 amounts to

18 425 034	18 425 034
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The investment property values are based on the valuation roll. The effective date of the revaluations was 30 June 2012. Valuations were performed by an independent valuer, Khari Theodor Hellberg, Professional Valuer, Registration number 696, of Umhlaba Geomatics Incorporated. The valuer are not connected to the municipality and have recent experience in the location and category of the investment property being valued. The valuation was based on open market value.

Rental income from these properties amount to	1 282 852	1 210 853
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No amounts were expensed towards repairs and maintenance costs for income generating investment properties

Details of investment properties are included in a register which is available for inspection at the municipal offices

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	14,005,245	12,012,510
Payments received in advance	1,095,923	1,142,396
Retentions	2,237,206	2,304,306
Umginyathi District Municipality - water & sanitation transfer	1,577,290	1,213,831
Staff leave accrual	4,205,885	4,055,116
Deposits - other	82,822	76,622
Other creditors	3,160,387	3,176,256
Total	26,364,757	23,981,037
The fair value of trade and other payables approximates their carrying amounts.		
13 CONSUMER DEPOSITS		
Electricity	3,624,592	3,259,018
Guarantees held in lieu of Electricity and Water Deposits	159,310	164,310
14 VAT PAYABLE		
VAT payable	2,624,404	2,352,464
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
15 PROVISIONS		
15 NON-CURRENT PROVISIONS		
Provision for rehabilitation of landfill sites		
Opening Balance	6,330,612	4,618,740
Unwinding discount	3,197,243	1,711,872
Total Non-Current Provisions	9,527,855	6,330,612
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 9%, over an average period of 8 years		
The provision created for the rehabilitation of the landfill site is based on Anderson Vogt Consulting Engineers assessment of the rehabilitation costs of the Glencoe dumpsite. A study will be done to determine the cost estimate in the near future		
The provision is calculated in line with the consulting engineers assessment as determined by discounting the present value of the estimate. Council intends to commence spending against the provision in 8 years.		
16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Seta Grant	1,464,494	1,357,848
Dev. Info Systems Grant	14,074	14,074
Transfer / Buyback Centre	6,600	6,335
OBSA Grant	323,633	323,633
Sibongile Lib. Internet Grant	157,503	8,072
Department of Sports Grant	318	11,066
Sports Grant	-	119,810
Sport Grant 2014	87,930	-
Craigside Development	14,255	14,255
Sibongile Sewer Upgrading	80,928	124,494
Upgrade Sibongile Hostel	464,688	492,438
KZN Housing	284,434	289,180
Upgrade Sithembile Hostel	316,256	303,627
Capacity Building	51,300	51,300
Training of councillors	27,602	27,602
Pound Grant	132,259	133,808
Integrated National Electrification Programme grant	-	3,048,207
Sibongile housing project	741,789	-
Total Unspent Conditional Grants and Receipts	4,168,042	6,325,749

See Note 25 for reconciliation of grants from other spheres of government.
These amounts are invested in ring-fenced investment until utilised

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
17 BORROWINGS		
Annuity Loans	7,093,009	8,980,653
Non - current borrowings	7,093,009	8,980,653
Current portion transferred to current liabilities	2,263,284	2,252,200
Annuity Loans	2,263,284	2,252,200
Total borrowings	9,356,293	11,232,853
Refer to Appendix A for more detail on borrowings.		
Annuity loans		
Bear interest at rates between 6.75% and 17% per annum, are being redeemed in Bi-annual installments, including interest, over varying periods until 2018		
Security		
The annuity loans are not secured against any assets of the municipality		
18 HOUSING DEVELOPMENT FUND RESERVE		
Housing Operating Account	4 065 051	3 937 726
Prior period error (Note 40)		-7,117
	4 065 051	3 930 609
The housing development fund is represented by the following assets & liabilities:		
Fixed assets	1,247,483	1,247,483
Debtors	2,430,652	2,311,762
Cash at bank	386,915	371,364
Total Housing Operating Account Assets and Liabilities	4,065,051	3,930,609
19 OTHER RESERVES		
Insurance Reserve	1,656,260	311,551
Prior period error (Note 40)		1,930
	1,656,260	313,481
20 PROPERTY RATES		
Actual		
Agriculture properties used for agricultural purposes	581,578	559,900
Agricultural properties used for other business and commercial purposes	191,072	168,600
Agricultural - Land Reform	1,633	2,976
Agricultural - Land Reform 2nd year	7,039	
Smallholding used for agricultural/residential purposes	262,106	258,518
Smallholding used for business/commercial/industrial purposes	-	268
Smallholding - Land Reform	-	2,344
Smallholding - Land Reform 2nd year	7,094	
Business and Commercial properties(with residential usage)	2,014,732	1,882,778
Business and Commercial properties	8,715,645	8,092,586
Industrial properties	3,400,887	3,185,016
Industrial properties (with residential usage)	97,068	90,876
Mining properties	247,200	230,978
Public Benefits Organisation	44,002	48,182
Public service infrastructure	76,213	52,017
Residentially Based Business	390,248	337,897
Residential Properties	21,628,665	20,184,515
Schools	3,330,216	3,498,683
State owned properties	3,980,128	3,931,485
Sport, recreation & social	27,400	25,123
Vacant Land (other than residential)	811,270	763,498
Vacant Land zoned residential	2,228,420	2,138,149
Leases	1,314	
Reassessment of prior year charges	-30,429	
Total	48,013,502	45,454,388
Valuations		
Agriculture properties used for agricultural purposes	519,629,000	542,501,000
Agricultural properties used for other business and commercial purposes	17,743,000	17,743,000
Land Reform Agricultural Properties	7,414,000	12,350,000
Land Reform Agricultural Properties 2nd year	12,350,000	
Smallholding used for agricultural/residential purposes	53,022,000	52,672,000
Smallholding used for business/commercial/industrial purposes	-	-

Endumeni Municipality
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for the year ended 30 June 2014

	2014	2013
	R	Restated R
Land Reform Smallholding	-	2,355,000
Land Reform Smallholding 2nd year	2,815,000	
Business and Commercial properties(with residential usage)	72,953,000	72,953,000
Business and Commercial properties	314,210,000	313,125,000
Cemetery (Private)	442,000	442,000
Industrial properties	122,055,000	120,510,000
Informal settlements	350,000	350,000
Industrial properties (with residential usage)	3,430,000	3,430,000
Land reform properties	128,757,000	122,093,000
Mining properties	7,725,000	7,725,000
Municipal properties	165,862,000	159,203,000
Public Benefits Organisation	43,818,000	43,818,000
Public service infrastructure	38,314,000	38,314,000
Public Benefits Organisation property	17,988,000	17,988,000
Privately owned town serviced by the owner	4,201,000	4,201,000
Residential Based Business Properties	37,352,000	34,245,000
Residential Properties	2,230,770,000	2,225,442,000
Schools (Private and State)	103,206,000	103,206,000
State owned properties	116,098,000	115,973,000
Sports Social and Recreation Clubs	5,074,000	5,074,000
Vacant Land (other than residential)	11,779,000	11,709,000
Vacant Land zoned residential	30,248,000	31,064,000
Public worship	51,225,000	49,018,000
Worship Residential	12,458,000	11,848,000
Total Property Valuations	4,131,288,000	4,119,352,000

The last general valuation came into effect on:

01/07/2012 01/07/2012

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2012.

Interim valuations are processed on a quarterly basis to take into account changes in individual land values due to consolidations and subdivisions.

Assessment rates: Cents in the rand on market valuation as follows:

Agriculture properties used for agriculture purposes	0.30c/R	0.28c/R
Agricultural properties used for other business and commercial	3.20c/R	2.99c/R
Agriculture properties used for agriculture purposes- Land Reform	0.30c/R	0.28c/R
Smallholding used for agricultural or residential purposes- Land Reform	1.05c/R	0.98c/R
Smallholding used for agricultural or residential purposes	1.05c/R	0.98c/R
Smallholding used for business, commercial and industrial properties	3.20c/R	2.99c/R
Business and commercial properties(with residential usage)	3.20c/R	2.99c/R
Business and commercial properties	3.20c/R	2.99c/R
Industrial properties	3.21c/R	3.00c/R
Industrial properties (with residential usage)	3.21c/R	3.00c/R
Mining properties	3.20c/R	2.99c/R
Public service infrastructure	0.30c/R	0.28c/R
Residential properties	1.20c/R	1.12c/R
Residential based business	1.33c/R	1.24c/R
Sport , Recreation and sports clubs	0.54c/R	0.50c/R
Schools (Private and state)	3.63c/R	3.39c/R
State owned properties	3.63c/R	3.39c/R
Vacant land (other than residential)	7.36c/R	6.87c/R
Vacant land (zoned residential)	7.36c/R	6.87c/R
Public benefit organisation properties	0.30c/R	0.28c/R

The first R50 000 of the valuation of residential properties are exempt from the calculation of rates.

The first R15 000 of the valuation of vacant land zoned residential are exempt from the calculation of rates.

The first R15 000 of the valuation of industrial properties with residential usage are exempt from the calculation of rates.

The first R15 000 of the valuation of Business and Commercial properties with residential usage are exempt from the calculation of rates.

Rebates:

Agricultural property	62%	62%
Smallholdings	52%	52%
Business and commercial properties	12%	12%
Industrial properties	12%	12%
Land reform, worship, PBO's, monuments, informal settlements and municipal owned property	0%	0%
Residential properties	22%	22%
Public service infrastructure	30%	30%
Pensioners (Earning R0 - R3500 per month)	25%	25%
Pensioners (Earning R3500 - R4000 per month)	20%	20%
Pensioners (Earning R4000 - R4500 per month)	15%	15%

Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2014 financial year):

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
On a monthly basis, and the final dates of payment being the last working day of the month from August 2013 to June 2014.		
Interest is levied on outstanding rates per annum at:	12%	12%
21 SERVICE CHARGES		
Sale of electricity	86,121,465	82,430,404
Refuse removal	14,411,329	13,326,063
Total Service Charges	100,532,794	95,766,467
22 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities and equipment	1,357,421	1,286,912
Total Rentals	1,357,421	1,286,912
23 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1,952,413	1,957,691
Total Interest	1,952,413	1,957,691
24 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Interest on land sales	3,403	3,187
Total Interest	3,403	3,187
25 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	29,390,000	32,277,000
Municipal infrastructure grant	13,311,000	12,434,000
Financial management grant	1,550,000	1,500,000
Library subsidy	2,590,000	1,234,000
SETA grant	56,458	16,936
Municipal systems improvement grant	890,000	800,000
Sibongile library internet grant	191,038	175,150
Department of sports grant	10,830	257,614
Department of sports grant	119,810	30,190
Museum subsidy	484,000	321,000
Department of local government and traditional affairs - Sibongile	43,566	111,819
KZN Housing - Sibongile hostel	47,846	-
KZN Housing - Ext 18	4,746	12,001
Dept of Human Settlements - Sibongile Housing	503,992	-
Training of Councilors grant	-	121,534
Sport Grant 2014	62,070	-
Municipal Pound grant	2,350	918,809
Integrated National Electrification Programme grant	5,000,000	4,651,074
Integrated National Electrification Programme grant	3,048,207	3,951,793
Expanded Public Works Programme	1,000,000	-
Transfer / Buyback Centre	-	-
Total Government Grant and Subsidies	58 305 912	58 812 920
25 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	29,390,000	32,277,000
Conditions met - transferred to revenue	(29 390 000)	(32 277 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. An amount of R 4 694 000 was withheld for the year ended 30 June 2014		
25 Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	-
Current year receipts	13 311 000	12 434 000
Conditions met - transferred to revenue	(13 311 000)	(12 434 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for road infrastructure as part of upgrading of informal settlements. No funds were withheld.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
25 Financial Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	1,550,000	1,500,000
Conditions met - transferred to revenue	-1,550,000	(1 500 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. No funds were withheld.		
25 Library subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	2,590,000	1,234,000
Conditions met - transferred to revenue	-2,590,000	(1 234 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is in respect of the municipal library services.		
25 SETA grant		
Balance unspent at beginning of year	1,357,848	1,099,767
Current year receipts	163 104	275,016
Conditions met - transferred to revenue	(56 458)	(16 935)
Conditions still to be met-transferred to liabilities (see note 16)	1 464 494	1 357 848
This grant is in respect of training municipal staff. No Funds were withheld.		
25 Health subsidy		
Balance unspent at beginning of year	-	(3 678 138)
Prior period error (Refer to note 40)		3 678 138
Current year receipts		-
Conditions met - transferred to revenue		-
Balance owing transferred to debtors (Refer to note 18)	-	-
The grant has been used exclusively to fund clinic services.		
25 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	-
Current year receipts	890,000	800,000
Conditions met - transferred to revenue	-890,000	(800 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act.		
25 Development information systems grant		
Balance unspent at beginning of year	14,073	14,073
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 16)	14 073	14 073
This grant is for the development of information systems. No funds were withheld.		
25 Development Bank of South Africa		
Balance unspent at beginning of year	323,633	323,633
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 16)	323 633	323 633
This grant was used for the implementation of financial software. No funds were withheld.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
25 Sibongile library internet grant		
Balance unspent at beginning of year	8,072	74,049
Current year receipts	340,468	109,174
Conditions met - transferred to revenue	-191,038	(175 150)
Conditions still to be met-transferred to liabilities (see note 16)	<u>157 503</u>	<u>8 072</u>
This grant is for the internet at the Sibongile library.		
No funds were withheld.		
25 Department of Sports grant		
Balance unspent at beginning of year	11,065	262,792
Current year receipts	82	5,887
Expenditure claimed in accordance with grant conditions	(10 830)	(257 614)
Conditions still to be met-transferred to liabilities (see note 16)	<u>317</u>	<u>11 065</u>
This grant is intended for the building of a sports facility.		
No funds were withheld.		
25 Capacity Building - DBSA		
Balance unspent at beginning of year	51,300	51,300
Current year receipts		-
Expenditure claimed in accordance with grant conditions		-
Conditions still to be met-transferred to liabilities (see note 16)	<u>51 300</u>	<u>51 300</u>
This grant was received from the DBSA for capacity building.		
No funds were withheld.		
25 Museum subsidy		
Balance unspent at beginning of year		-
Current year receipts	484,000	321,000
Expenditure claimed in accordance with grant conditions	-484,000	(321 000)
Conditions still to be met-transferred to liabilities (see note 16)	<u>-</u>	<u>-</u>
This grant is to fund museum services. No funds were withheld.		
25 Department of local government and traditional affairs - Sibongile		
Balance unspent at beginning of year	124,494	236,313
Current year receipts		
Expenditure claimed in accordance with grant conditions	(43 566)	(111 819)
Conditions still to be met-transferred to liabilities (see note 16)	<u>80 928</u>	<u>124 494</u>
This grant is for the Sithembile sewer upgrade. No funds were withheld.		
25 KZN Housing - Sibongile hostel		
Balance unspent at beginning of year	492,438	473,342
Current year receipts	20,095	19,096
Expenditure claimed in accordance with grant conditions	-47,846	-
Conditions still to be met-transferred to liabilities (see note 16)	<u>464 688</u>	<u>492 438</u>
This grant is for the upgrade of the Sibongile hostel.		
No funds were withheld.		
25 KZN Housing - Ext 18 housing project		
Balance unspent at beginning of year	289,180	-134,035
Current year receipts		435,216
Expenditure claimed in accordance with grant conditions	(4 746)	(12 001)
Balance owing transferred to debtors (Refer to note 18)	<u>284 434</u>	<u>289 180</u>
This grant is for the upgrade of the Extension 18 housing project.		
No funds were withheld.		
25 KZN Housing - Upgrade of Sithembile Hostel		
Balance unspent at beginning of year	303,628	291,881
Current year receipts	12,629	11,747
Expenditure claimed in accordance with grant conditions		
Conditions still to be met-transferred to liabilities (see note 16)	<u>316 257</u>	<u>303 628</u>
This grant is for the upgrade of Sithembile hostel.		
No funds were withheld.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
25 Dept of Human Settlements - Sibongile Housing Development		
Balance unspent at beginning of year		
Current year receipts	1,245,761	
Expenditure claimed in accordance with grant conditions	-503,992	
Balance owing transferred to debtors (Refer to note 18)	<u>741 769</u>	<u>-</u>
This grant is for the Sibongile Bufferstrip housing. No funds were withheld.		
Department of Cooperative Governance and Traditional Affairs - Training of		
25 Councillor Grant		
Balance unspent at beginning of year	27,602	149,136
Adjustments and transfers		
Current year receipts		
Expenditure claimed in accordance with grant conditions		(121 534)
Conditions still to be met-transferred to liabilities (see note 16)	<u>27 602</u>	<u>27 602</u>
This grant is for the training of Councillors. No funds were withheld.		
Department of Cooperative Governance and Traditional Affairs - Pound		
25 Grant		
Balance unspent at beginning of year	133,807	1,030,379
Current year receipts	801	22,237
Expenditure claimed in accordance with grant conditions	-2,350	-918,809
Conditions still to be met-transferred to liabilities (see note 16)	<u>132 258</u>	<u>133 807</u>
This grant is for the establishment of a municipal pound. No funds were withheld.		
25 KZN Housing - Craigsid development		
Balance unspent at beginning of year	14,255	14,255
Current year receipts		-
Expenditure claimed in accordance with grant conditions		-
Conditions still to be met-transferred to liabilities (see note 16)	<u>14 255</u>	<u>14 255</u>
This grant is for the development of Craigsid housing. No funds were withheld.		
Department of National Energy - Integrated National Electrification		
25 Programme		
Balance unspent at beginning of year		4,651,074
Current year receipts	5,000,000	-
Expenditure claimed in accordance with grant conditions	-5,000,000	(4 651 074)
Conditions still to be met-transferred to liabilities (see note 16)	<u>-</u>	<u>-</u>
This grant is for the Integrated National Electrification Programme increasing access to electricity specially in rural areas. No funds were withheld.		
25 Department of Environmental Affairs - Transfer station		
Balance unspent at beginning of year	8,335	6,091
Current year receipts	265	244
Expenditure claimed in accordance with grant conditions	-	-
Conditions still to be met-transferred to liabilities (see note 16)	<u>6 600</u>	<u>6 335</u>
The grant is for improvement of public participation. No funds were withheld		
25 Department of National Energy - Integrated National Electrification		
Balance unspent at beginning of year	3,048,207	-
Current year adjustments	-3,048,207	
Current year receipts		7,000,000
Expenditure claimed in accordance with grant conditions		(3 951 793)
Conditions still to be met-transferred to liabilities (see note 16)	<u>-</u>	<u>3 048 207</u>
This grant is to increase access to electricity, specifically in rural areas No funds were withheld		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
25 Department of Sports Grant		
Balance unspent at beginning of year	119,810	-
Current year receipts		150,000
Expenditure claimed in accordance with grant conditions	(119 810)	(30 190)
Conditions still to be met-transferred to liabilities (see note 16)	-	<u>119 810</u>
This grant is intended for the maintenance of a sport facility. No funds were withheld		
25 Dept of Public Works - Expanded Public Works Programme		
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	-
Conditions met - transferred to revenue	(1 000 000)	-
Conditions still to be met-transferred to liabilities (see note 16)	-	<u>-</u>
This grant is for the job creating programme by the Dept of Public Works No funds were withheld		
25 Department of Sports Grant		
Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Conditions met - transferred to revenue	(62 070)	-
Conditions still to be met-transferred to liabilities (see note 16)	<u>87 930</u>	<u>-</u>
This grant is intended for the maintenance of a sports facility. No funds were withheld.		
26 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
26 Other Income		
Burial fees	85,668	117,419
Discount received	50,075	39,588
Land Sales	59,557	142,822
Other Income	554,299	983,505
Total Other Income	<u>749,599</u>	<u>1,283,335</u>
27 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	41,117,568	40,889,339
Annuation Insurance	10,774	10,774
Performance and other bonuses	3,225,652	3,734,425
Casual labour	358,693	633,363
Group Life	349,540	416,457
Leave	2,562,156	1,597,416
Medical Aid	3,247,631	2,921,006
Housing allowances	215,040	231,757
Protective clothing and uniforms	215,828	151,939
Overtime payments	1,520,045	1,264,116
Pension	8,225,033	8,456,321
Post Retirement Benefits		1,275,766
SALGA Shop fee	23,952	21,694
SARPA Membership	1,772	3,518
SAMRO	4,144	4,546
Standby Allowance	322,892	192,801
Sundry Allowance	1,007,509	940,959
Transport allowance	3,601,656	3,709,591
UIF	397,113	366,946
Total	<u>66,406,997</u>	<u>66,822,733</u>
Remuneration of the Municipal Manager		
Annual Remuneration	884,100	817,546
Car Allowance	64,147	51,319
Performance- and other bonuses		-
Travel, motor car, accommodation, subsistence and other allowances	24,076	20,060
Contributions to UIF, Medical and Pension Funds	150,487	118,622
Total	<u>1,122,810</u>	<u>1,007,546</u>

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
The position of Municipal Manager was filled on 1st September 2012 and the incumbent was subsequently suspended on 18 April 2013. The municipal manager is currently still on suspension and the case against him is still ongoing.		
Remuneration of the Chief Finance Officer		
Annual Remuneration		1,071,758
Leave conversion	159,878	
Acting Allowance	68,500	
Performance- and other bonuses		486,061
Cell phone allowance		12,268
Car allowance		
Contributions to UIF, Medical and Pension Funds		221,211
Total	228,379	1,791,299

The position of the Chief Financial Officer became vacant in June 2013. The Senior Financial Officer was acting in the position of Chief Financial Officer up to March 2014. The above remuneration includes an acting allowance for the managers acting in the position of CFO in the 2013/2014 financial year. An official from the district municipality is currently acting in the position of the Chief Financial Officer.

The leave paid in the 2014 financial year, related to the chief financial officer's leave entitlement at at 30 June 2013

	Technical Services R	Corporate Services R
Remuneration of Individual Executive Managers		
2014		
Annual Remuneration		210,983
Leave conversion	204,261	
Acting Allowance	54,371	112,739
Performance- and other bonuses		
Cell phone allowance		
Car allowance		
Contributions to UIF, Medical and Pension Funds		
Total	258,633	323,722

The Executive Manager Technical Services position became vacant in June 2013. The above remuneration includes an acting allowance for the managers acting in the position of executive manager technical services in the 2013/2014 financial year. The leave paid in the 2014 financial year, related to the Executive Manager Technical Service's leave entitlement at at 30 June 2013.

The position of the Executive Manager Corporate Services became vacant in June 2013. The above remuneration includes an acting allowance for the managers acting in the position of executive manager corporate services in the 2013/2014 financial year. The leave paid in the 2014 financial year, related to the Executive Manager Corporate Service's leave entitlement at at 30 June 2013.

	Technical Services R	Corporate Services R
2013		
Annual Remuneration	973,197	930,391
Performance- and other bonuses	617,352	432,709
Cell phone allowance		10,815
Car allowance	5,692	-
Contributions to UIF, Medical and Pension Funds	239,394	324,244
Total	1,835,635	1,698,158

The above remuneration includes an acting allowance for the position of Municipal Manager

28 REMUNERATION OF COUNCILLORS

Executive Mayor	393,673	367,448
Deputy Executive Mayor	319,112	307,756
Speaker	319,112	296,438
Executive Committee Member	300,471	278,685
Councillors	1,346,185	1,282,656
Councillors' travel allowances	395,695	394,592
Total Councillors' Remuneration	3,074,248	2,927,575

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor and Speaker are part-time. Each is provided with an office and secretarial support at the cost of the Council		
The Executive Mayor has use of the Council owned vehicle for official duties.		
The Executive Mayor has one full-time bodyguard and a driver. The Deputy Executive Mayor has a driver.		
29 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment - restated	7,296,875	6,767,057
Intangible assets - restated	23,104	35,967
Total Depreciation and Amortisation	7,319,979	6,803,023
30 FINANCE COSTS		
Borrowings	1,251,918	1,448,618
Total Finance Costs	1,251,918	1,448,618
31 BULK PURCHASES		
Electricity	68,977,529	62,805,704
Total Bulk Purchases	68,977,529	62,805,704
32 CONTRACTED SERVICES		
Contracted services	1,387,899	2,062,642
	1,387,899	2,062,642
33 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	300,410	306,026
Amendments To Acts & Ord.	69,257	118,895
Audit Committee	16,236	244,482
Audit Fees & Internal Audit Fees	1,528,213	2,178,616
Bank Charges	713,473	727,545
H I V Aids	93,490	189,252
Indigent Support	1,297,030	1,433,819
Insurance	208,509	186,179
Lease Payments	176,272	163,484
Led Projects	400,390	929,739
Legal Expenses	628,602	597,346
Materials	772,577	331,846
Membership Fees Kwanaloga	680,632	537,040
Meter Reading Fees	134,692	124,284
National Cleanest Town Compet	13,369	64,991
New Connections	245,233	189,996
Postages	307,766	285,790
Printing & Stationery	870,991	948,653
Prodiba - Payments	423,914	414,375
Promotion Of Endumeni	277,332	345,575
Rural Horse Riding Event	471,679	385,642
Security	4,670,453	2,635,428
Service Of Process	79,782	68,400
Sport, Youth, Arts And Culture	687,113	622,911
Staff Training	611,528	674,991
Subsistence & Travelling	1,047,455	892,088
Telephone	685,010	599,126
Traffic Control	109,328	89,885
Transport Cost	5,266,128	3,885,354
Valuation Fees	267,704	328,989
Valuation Reduction	5,516,109	5,151,255
Other General Expenses	3,867,109	10,880,783
Consultancy Fees	634,522	2,071,124
Recharges	(1 284 259)	(1 049 142)
Grant expenditure condition met	11,513,143	473,652
	43,301,191	38,028,416

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
34 GAIN / (LOSS) ON SALE OF ASSETS		
Property, plant and equipment	-218,702	
Intangible assets	-2,550	
Total Gain / (Loss) on Sale of Assets	<u>-221,251</u>	<u>-</u>
35 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)		
Property, plant and equipment	3,480,866	-
Consumable Stores Impairment Loss	117,454	73,186
Total Impairment loss / (Reversal of Impairment Loss)	<u>3,598,320</u>	<u>73,186</u>

During the financial period a physical verification of assets was undertaken. Assets identified during the physical verification that is deemed to be in a poor physical condition was tested for possible impairment. As a result, 1463 assets were tested for impairment, and additional impairment losses amounting to R3,480,866 were recognised in respect of 678 of these assets.

During the inventory count, inventory was verified for possible impairment. Redundant electrical inventory and consumables to the value of R117,453 was impaired.

36 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT		
Investment property carried at fair value		6,553,034
Total Profit / (Loss) on Fair Value Adjustment	<u>-</u>	<u>6,553,034</u>

37 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	-2,491,514	17,243,828
Adjustment for -		
Depreciation and amortisation	7,296,875	6,767,057
Amortisation	23,104	35,967
(Gain) / loss on sale of assets	221,251	-
Contribution to retirement benefit obligation	4,244,453	5,124,488
Contribution to landfill site provision	3,197,243	1,711,872
Contribution to bad debt provision	12,189,519	9,013,383
Contribution to leave provision	150,769	-264,623
Straightlining of leases	543,592	29,694
Finance costs	1,251,918	1,448,618
Fair value adjustments	-	-6,553,034
Impairment loss / (reversal of impairment loss)	3,480,866	-
Impairment loss / (reversal of impairment loss) on inventory	117,454	73,186
Fines revenue	-710,342	43,771
Reserve income	1,477,221	-319,402
Interest earned	-1,955,816	-1,960,878
Operating surplus before working capital changes:	<u>29,036,591</u>	<u>32,393,926</u>
(Increase)/decrease in inventories	-853,274	-16,977
(Increase)/decrease in trade receivables	-3,615,450	-4,585,846
(Increase)/decrease in other receivables	-10,028,413	-2,505,066
Increase/(decrease) in VAT payable	271,939	367,746
Increase/(decrease) in conditional grants and receipts	-2,157,706	-2,352,339
Increase/(decrease) in trade payables	2,232,952	-939,018
Cash generated by/(utilised in) operations	<u>14,886,639</u>	<u>22,362,427</u>

38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	2,620,919	2,043,833
Call investment deposits	35,810,546	40,030,965
Net cash and cash equivalents (net of bank overdrafts)	<u>38,431,465</u>	<u>42,074,798</u>

39 CHANGE IN ACCOUNTING POLICY

No adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from a change in accounting

40 PRIOR PERIOD ERROR

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from a correction of prior year errors.

The comparative amount has been restated as follows.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
<u>Housing Development Fund</u>		
Graduated rentals was incorrectly journalised to expenditure instead of being accounted for in the housing development fund in the prior year. The effect of the error on the Housing operating account is reflected below:		
Balance previously reported		3,937,726
Correction of error		-7,117
Net effect on Statement of Financial Position		<u>3,930,609</u>
<u>Receivables from non-exchange</u>		
A journal was incorrectly passed in 2010 resulting in the health subsidy receivable being recognised twice in the financial records. The health subsidy receivable was recognised under Grant Debtors and Sundry debtors. The effect of the reversal of this journal is reflected below:		
Balance previously reported		9,319,670
Correction of error: Grant Debtors		-3,678,137
Correction of error: Debtors Other		1,914,336
Net effect on Statement of Financial Position		<u>7,555,868</u>
<u>Payables from exchange transactions</u>		
A journal was incorrectly passed in 2010 resulting in the health subsidy receivable being recognised twice in the financial records. The health subsidy receivable was recognised under Grant Debtors and sundry debtors. The effect of the reversal of this journal is reflected below:		
Balance previously reported		25,744,838
Correction of error		-1,763,802
Net effect on Statement of Financial Position		<u>23,981,037</u>
<u>Property, plant and equipment</u>		
In the prior year certain assets were erroneously expensed instead of being capitalised. These assets were identified in the current year and a prior period adjustment was made to correctly reflect the assets not capitalised. The depreciation was also recalculated and the effect of the error is reflected below:		
Balance previously reported		171,159,999
PY Error: Assets Additions not capitalised 2012		1,497,929
PY Error: Reversal of Handling fees		-217,454
PY Error Newly identified assets not capitalised ERF 2273/266		750,000
Correction of error - Depreciation		2,409,100
PY Error: Assets Additions not capitalised 2013		1,168,186
Net effect on Statement of Financial Position		<u>176,767,761</u>
<u>Intangible assets</u>		
In the prior year, the amortisation expense was incorrectly calculated resulting in an understatement of Intangible assets. A prior period adjustment was made to correctly reflect the intangible assets. The effect of the correction of this error is reflected below:		
Balance previously reported		49,452
Correction of error		22,485
Net effect on Statement of Financial Position		<u>71,937</u>
<u>Insurance Reserve</u>		
In the prior year certain assets were erroneously included in the insurance reserve instead of being capitalised. These assets were identified in the current year and a prior period adjustment was made to correctly reflect the assets not capitalised. The effect of the correction of this error is reflected below:		
Balance previously reported		311,551
Correction of error		1,930
Net effect on Statement of Financial Position		<u>313,481</u>
<u>Accumulated Surplus/(Deficit)</u>		
In the prior year certain assets were erroneously expensed instead of being capitalised. These assets were identified in the current year and a prior period adjustment was made to correctly reflect the assets not capitalised. The depreciation was also recalculated and the effect of the error is reflected below:		
Graduated rentals was incorrectly journalised to expenditure instead of being accounted for in the housing development fund in the prior year. The effect of the error on the Accumulated Surplus/(Deficit) is reflected below:		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
Handling fees were erroneously capitalised to the cost of the assets in the prior year. The effect of the error on Accumulated Surplus/(Deficit) is reflected below:		
Balance previously reported 1 July 2013		146,409,958
Newly identified assets at Fair Value Erf 2273/266		750,000
PY Error: Assets Additions not capitalised 2012		1,497,929
Balance previously reported 1 July 2013 Restated		148,657,887
PY Error: Graduated rentals incorrectly included in expenditure		7,117
PY Error: Assets Additions not capitalised 2013		1,166,257
PY Error: Reversal of Handling fees		-217,454
PY Error: Recalculation of depreciation charge		2,409,100
PY Error: Recalculation of Amortisation charge		22,485
Net effect on Statement of Financial Performance		152,045,391

41 CHANGE IN ESTIMATE

There has been no significant changes in accounting estimates in the current reporting period.

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

42 DISALLOWED

42 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	-7,307,035
Unauthorised expenditure current year	-8,617,722	-
Approved by Council or condoned	-	7,307,035
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-

42 Fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred for the year ended 30 June 2013 and 30 June 2014

42 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure current year	258,103	3,252,208
Condoned or written off by Council	-57,000	-3,252,208
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	201,103	-

Bids not awarded to suppliers with highest points		214,925
Supply chain management policy deviations (Refer to note 44)		
- Christmas Function		82,647
- Refreshments		43,290
- Funeral - Hire of Tents	37,000	
- Catering womens Day Celebration	20,000	
- Replacement of Ceiling in Room 6	6,266	
- Hire of Tents	9,500	
- Hire Of Taxis	52,440	
- Replacement of Tyres on NGL 5117	49,580	
- Replacement of Precast Wall - Old Police Station (Sibongile)	83,317	
Performance evaluations not performed on tender		2,911,346
	258,103	3,252,208

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE		
43 MANAGEMENT ACT		
43 Contributions to organised local government		
Opening balance		-
Council subscriptions	743,160	547,040
Amount paid - current	-743,160	-547,040
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
43 Audit fees		
Opening balance		-
Current year audit fee	1,456,294	1,669,690
Amount paid - current year	-1,456,294	-1,669,690
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
Balance unpaid (Included in creditors)		
43 VAT		
Vat received for the year	<u>2,358,605</u>	<u>3,569,289</u>
Vat paid for the year	<u>246,986</u>	<u>1,111,488</u>
All VAT returns have been submitted by the due date throughout the year.		
43 PAYE and UIF		
Opening balance		-
Current year payroll deductions	8,533,868	9,220,033
Amount paid - current year	-8,533,868	-9,220,033
Amount paid - previous years		
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
43 Distribution Losses		
Units lost (kilowatts)	<u>31,137,455</u>	<u>27,290,823</u>
Units lost (sales price per kilowatts - rands)	<u>36,632,835</u>	<u>29,522,537</u>
Units lost due to normal distribution losses (sales price per kilowatts - rands [2014 : R 1.253, 2013 : R 1.122])	<u>9,778,250</u>	<u>8,664,995</u>
Units lost due to theft (sales price per kilowatts - rands [2014 : R 1.151, 2013 : R 1.066])	<u>26,851,256</u>	<u>20,857,000</u>
Units lost due to normal distribution losses (percentage)	8%	8%
Units lost due to theft (percentage)	24%	20%
44 Pension and Medical Aid Deductions		
Opening balance		-
Current year payroll deductions and Council Contributions	16,809,869	18,757,249
Amount paid - current year	-16,809,869	-18,757,249
Amount paid - previous years		
Balance unpaid (Included in payables)	<u>-</u>	<u>-</u>
44 Councillor's arrear consumer accounts		
The following Councillors had arrear accounts outstanding for more than 90 days as at: -		Outstanding more than 90 days R
as at 30 June 2014		
Councillor: WN Mbatha (Amounts have subsequently not been paid)		358
Total Councillor Arrear Consumer Accounts		<u>358</u>
as at 30 June 2013		
Councillor: WN Mbatha (Amounts have subsequently not been paid)		83
Councillor: HSB Ngobese (R500 has subsequently been paid)		753
Total Councillor Arrear Consumer Accounts		<u>837</u>

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
44 Deviations of Supply Chain Management Policy		
Fencing to Community Garden		38,000
The awarding of the quote for the fencing of the Community Garden did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 22 January 2013.		
Battery Charger - Glencoe		39,330
The awarding of the quote for the purchase of a battery charger did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 16 October 2012.		
Rewind 630KVA Transformer		102,589
The awarding of the quote for the 630 KVA Transformer workshop did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 31 May 2013.		
Mayoral Imbizo		32,580
The awarding of the quote for catering did not follow the usual procurement process as this was an emergency. The deviation was duly authorized by the accounting officer and the council on 06 August 2013.		
Updating of the Assets Register	193,673	
Endumeni Municipality is currently using the software provided by Pricewaterhouse Coopers. Pricewaterhouse Coopers is the owner and supplier of the system currently being used by the Municipality. The deviation was duly authorised by the accounting officer and the council on the 27 August 2013. (C14/27/08/13)		
Repairs to Case TLB - NOE 523	35,756	
Parts were purchased from the sole provider of these parts namely CSE Equipment Co (Pty) Ltd, Pinetown. The deviation was duly authorised by the accounting officer and the council on the 27 August 2013. (C16/27/08/13)		
Woman's Day Celebration	20 000	
The awarding of the quote for catering did not follow the usual procurement process as this was an emergency. The deviation was duly authorized by the accounting officer and the council on 27 August 2013. (C01/10/09/13-2)		
Upgrading of Current Financial System	285 000	
The awarding of the quote for the upgrading of the current Munsoft system to the Munsoft 5(i) Version which did not follow the usual procurement process as this was an emergency. The deviation was duly authorized by the accounting officer and the council on 03 December 2013. (C08/03/12/13)		
Publication of Notice in the Sunday Times - LED/IDP Manager - IDP/PMS Manager - Notice No: 08/2014	43 630	
The awarding of the quote for publication of notice number:08/2014 did not follow the usual procurement process as this was done in the Sunday Times Newspaper(Sole Supplier). The deviation was duly authorized by the accounting officer on 20 January 2014. Executive Committee Meeting Resolution No. C01/18/02/14-2 To be submitted to Council in July 2014		
Supply of Electrical Prepaid Meters	45 258	
The awarding of the quote for purchase of Electrical Prepaid Meters did not follow the usual procurement process Landis & Gyr (Pty) Ltd are the (Sole Supplier), was also advertised with Bid B15/2012-13 and no response was received. The deviation was duly authorized by the accounting officer on 15 May 2014.(C06/30/6/14)		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
Repairs to Heady and Fouche Substations	65 241	
The awarding of the quote for repairs to Heady and Fouche Substation did not follow the usual procurement process as the insurers had accepted the quote received from G.M. Builders to proceed with the job. The deviation was duly authorized by the accounting officer on 15 May 2014.(C05/30/6/14)		
Supply and Delivery of Bus Shelters - Ward Allocations	107,985	
The awarding of the quote for of Bus Shelters for Ward 3 & 6 did not follow the usual procurement process as Rocla (Pty) Ltd are the Sole Supplier and Manufacturer of this product. The deviation was duly authorized by the accounting officer on 10 June 2014.To be submitted to council in July 2014.		
Extension of Short Term Insurance	443,973	
The Extension of Short Term Insurance as per Bid Number: 88/2010-11 did not follow the usual procurement process as documents for the bid process were not compiled timeously due to theresignation of the previous Acting Chief Financial Officer Due. The deviation was duly authorized by the accounting officer on 27 June 2014.To be submitted to council in July 2014.		

1,240,516	212,499
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44 CAPITAL COMMITMENTS

44 Commitments in respect of capital expenditure

- Approved and contracted for	2,454,022	5,613,874
Infrastructure	2,454,022	5,613,874
Other		
- Approved but not yet contracted for	-	36,168,637
Infrastructure		36,168,637
Other		
Total	2,454,022	41,782,511
This expenditure will be financed from government grants and internal funding		
- Grant Funded	2,454,022	13,311,000
- Council funded		28,471,511
- External Loans		
- Funding still to be sourced		
	2,454,022	41,782,511

44 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	204,477	3,165,859
In the second to fifth year inclusive	69,293	3,673,836
After five years		1,756,591
Total	273,770	8,596,286

Operating lease payments represent rentals payable relate to the hiring of office equipment, security systems, cleaning agents and container rentals

Operating leases – as lessor

The future minimum lease payments receivable under operating leases are as follows:

Minimum lease payments due		
Within one year	57,058	279,702
In second to fifth year inclusive	4,497	889,066
After five years	1,154	1,121,014
Total	62,709	2,289,782

Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangers, buildings, advertising space and housing. Operating leases have been straightlined in accordance with GRAP requirements.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 Restated R
45 EMPLOYEE BENEFITS		
45 Defined Benefit Plans		
<i>Post-employment medical benefits</i>		
The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, LA Health and SAMWU. Pensioners continue on the option they belonged to on the day of their retirement.		
The independent valuers, PricewaterhouseCoopers Actuarial and Insurance Management Solutions (PwC), carried out a statutory valuation on 30 June 2014.		
Statement of Financial Position		
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:		
Balance at beginning of the year	44 623 957	39 499 469
Current service cost	1 566 379	1 465 904
Interest cost	3 979 865	3 484 832
Benefit payments	(1 419 136)	(1 275 766)
Actuarial (gains)/losses	117 343	1 449 518
Total	48,868,410	44,623,957
Statement of Financial Performance		
Current service cost	1 566 379	1,465,904
Interest cost	3 979 866	3,484,832
Benefit payments	(1 419 136)	(1 275 766)
Actuarial (gains)/losses	117 343	1,449,518
Total	5,663,688	5,124,488
Principal actuarial assumptions:		
Discount rate	8.90%	8.90%
How was the discount rate determined	Market yields on government bonds	
Increase in health care cost	8.10%	8.10%
Expected rates of salary increase		
Active members expected to continue after retirement	90%	90%
Average retirement age	63	63
Mortality pre-retirement	SA 85-90 light	SA 85-90 light
Pre-retirement mortality at 30 June 2014 rated down 1 year for males and females		
Mortality post-retirement		
(Allow for 1% per annum mortality improvement factor from 2010)	PA (90)	PA (90)
The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost inflation assumption is set out below.		
Healthcare cost inflation sensitivity	1% decrease	Base (9.00%) 1% increase
Defined benefit obligation	(41 900 329)	(48 868 410) (57 602 696)
Service cost (next financial year)	(1 544 114)	(1 946 780) (2 482 621)
Interest cost (next financial year)	(3 939 169)	(4 614 150) (5 459 301)

46 CONTINGENT LIABILITY

46 PC Hechter and Others	30,000
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This matter is with regard to a person who was evicted and Council had to provide alternate accommodation for her, however, the judgement did not specify whether the alternate accommodation would be for free or at a market related rental. Council then took the judgement up on appeal to get clarity on this matter. Matter has now been finalised. The High Court has set aside the ruling of the Magistrate Court.

46 Natal Joint Municipal Pension Fund (NJMPF)

The appeal court judgement ordered Endumeni to pay the legal cost of the NJMPF in the case against Council where Mr. Maltman, dismissed Manager Technical Services had allegedly received an unjustified enrichment. This matter has now been finalised, and the municipality has paid an amount of R484 019.15 in the 2013/14 financial year.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

2014	2013
R	Restated R

46 Previous Section 56 managers

The contracts for the section 57 senior managers were not renewed. They are taking legal action against the municipality. The information usually required by the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation. Council is of the opinion that the claim can be successfully defended by the municipality. Matter is set down for Labour Court hearing soon. Date not yet determined.

46 CONTINGENCIES ARISING FROM PENDING LITIGATION ON WAGE CURVE AGREEMENT

On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. The Labour Court had ruled in favour of the unions. SALGA appealed the ruling and the Labour Appeal Court then ruled in favour of SALGA. The unions then attempted to take the matter to the Constitutional Court, but their application was dismissed as the Court was of the opinion that the unions had no prospect of success. The wage curve dispute is thus settled with the ruling of the Labour Appeal Court against the unions.

46 DISMISSED FORMER EMPLOYEES

A number of employees had been appointed into positions during the time that the suspended Municipal Manager had returned to office in accordance with a Council resolution that was taken *ultra vires*. These 25 appointments have now been declared as illegal by the Council, and the employees' services have been terminated. They have all decided to go to the Bargaining Council to declare disputes about the termination of their services. Conciliation proceedings have failed, and the matters have now been set down for arbitration. The outcome of these proceedings are pending. Matter is ongoing with some set down for arbitration during end August 2014 and beyond. The information usually required by the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation. Council is of the opinion that the case can be successfully defended by the municipality.

46 RURAL METRO

Rural Metro was the service provider for fire and emergency services in the Endumeni Municipal area. Their service contract was terminated on 30 June 2013. There is still an amount of R290 090.44 for services rendered in terms of their contract during 2013 outstanding. A dispute about the interpretation of the services agreement has resulted therein that the Municipality has withheld this payment. Rural Metro has now instituted legal action for the recovery of the amount due to them. Matter pending with Attorneys Acutt and Worthington

46 TP Biyela vs. Endumeni

The municipal manager of Endumeni Municipality had been suspended on the 18 April 2013 pending the outcome of investigations into alleged irregularities. The disciplinary case against him is ongoing. The suspended municipal manager has lodged an interdict against the municipality in the High Court and applications have now been served on the municipality.

47 CONTINGENT ASSET

KALOO & JOGI

The matter is with regard to the operating of a business in a residential area. Endumeni has applied for an interdict against the owners. The matter is still ongoing and set down for trial.

10,000

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014	2013
	R	Restated R
48 RELATED PARTIES		
Related party transactions: Councillor E Adam		
<u>Expenditure:</u>		
General expenses for the year	29,197	48,976
Nature of transaction: Councillor E Adam's spouse is the owner of a business that sells computer validated pre-paid tokens for the supply of electricity. A commission of 3.5% is paid monthly for providing this service. The commission payable at year end amounted to R 3438.68.		
49 EVENTS AFTER THE REPORTING DATE		
No events after the reporting date noted for disclosure.		
51 RISK MANAGEMENT		
51 Maximum credit risk exposure		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.		
Financial assets exposed to credit risk at year end were as follows:		
Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
Cash and Cash Equivalents	38,431,465	42,074,798
Financial guarantees	159,310	164,310
Trade and other receivables	15,591,282	13,982,921
Maximum Credit Exposure	138,792,693	63,663,096
These balances represent the maximum exposure to credit risk.		
51 Liquidity risk		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
51 Interest rate risk		
The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.		
52 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)		

53. COMPARISON TO BUDGET ANNEXURE E (1)

53.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual 2014 R	Budget 2014 R	Variance 2014 R	Variance 2014 %	Explanation of significant Variance greater than 15% versus Budget
REVENUE					
Revenue from exchange transactions	108 993 092	113 153 813	(4 160 721)	-4%	
Service charges	100 532 794	104 484 928	(3 932 134)	-4%	
Rental of facilities and equipment	1 357 421	970 628	386 793	40%	Staff housing rents higher than budgeted for
Interest earned- external investments	1 952 413	1 900 000	52 413	3%	
Interest earned- outstanding receivables	3 403	3 300	103	3%	
Licences and permits	4 397 483	4 152 500	244 983	6%	
Other income from exchange transactions	749 599	1 662 457	(912 858)	-55%	Sundry revenue items less than budgeted for
Gain on fair value of assets	-	-	-	-	
Revenue from non-exchange transactions	114 220 750	123 771 551	(9 550 801)	-8%	
Property rates	48 013 502	57 773 930	(9 760 428)	-17%	Budget includes revenue forgone of R8 million under expenditure
Property rates- penalties imposed and collection charges	6 814 972	6 093 875	721 097	12%	
Fines	1 086 364	508 745	577 619	114%	Effect of implementation of IGRAP 1
Government grants and subsidies	58 305 912	59 395 001	(1 089 089)	-2%	
Total Revenue	223 213 842	236 925 364	(13 711 522)		
EXPENDITURE					
Employee related cost	68 406 997	74 555 329	(8 148 332)	-11%	Vacancies in key management positions not filled.
Remuneration of councillors	3 074 248	3 148 337	(74 089)	-2%	
Adjustment to bad debt debts provision	12 189 519	3 825 285	8 364 234	219%	Bad debt provision higher than budgeted for
Adjustment to landfill site provision	3 197 243	453 098	2 744 145	806%	As per the engineers report
Collection costs	2 743 871	3 455 404	(711 533)	-21%	
Depreciation and amortisation expense	7 296 875	9 878 570	(2 579 695)	-26%	Lower than budget, capex budget not fully spent
Amortisation	23 104	34 787	(11 683)	-34%	Immaterial in amount
Repairs and maintenance	6 371 803	6 791 352	(419 549)	-6%	
Finance cost	1 251 918	1 251 920	(2)	0%	
Bulk purchases	88 977 529	89 591 993	(614 464)	-1%	
Contracted services	1 387 899	1 608 360	(220 461)	-14%	Rural Metro no longer providing fire Service
General expenses	43 301 191	52 037 477	(8 736 286)	-17%	
Loss on disposal of assets	221 251	482 495	(261 244)	-54%	
(Impairment loss) / Reversal of impairment loss	3 480 866	636 000	2 844 866	447%	
(Impairment loss) / Reversal of impairment loss inventory	117 454	34 500	82 954	240%	Investigation instituted due to loss of Diesel at stores
Retirement and long services benefits	5 883 588	6 617 678	(734 090)	-14%	As per actuary report
Total Expenditure	225 705 356	234 400 585	(8 695 229)		
NET (DEFICIT) / SURPLUS FOR THE YEAR	(2 491 514)	2 524 779	(5 016 293)		

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

53. COMPARISON TO BUDGET (Continued) ANNEXURE E (2)

53.2 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2014 Actual	2014 Contribution	2014 Total Additions	2014 Budget	2014 Variance	2014 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
	R	R	R	R	R		
Corporate Services	89 922	-	89 922	157 100	(67 178)	-43%	Underspending on Furniture and equipment.
Financial Services	403 747	-	403 747	766 10	327 137	427%	
Municipal Manager	33 857	-	33 857	119 000	(85 144)	-72%	
Technical Services	17 208 092	-	17 208 092	30 725 298	(13 517 206)	-44%	Capital to be financed by external loans did not materialise as loans could not be secured. Houses that were to be built with funding received from Department of Human Settlements were not built.
	17 735 618	-	17 735 618	31 078 008	(13 342 390)		

The appendix includes additions figures for Property, Plant and Equipment (note 9) and Intangible Assets (note 10) only.

Endumeni Municipality

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2014

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2013	Received during the period	Accrued Interest	Redeemed / written off during the period	Balance at 30 June 2014
ANNUITY LOAN							
DBSA @ 17%	13268/102	31/03/2018	5,368,252	-	187,580	942,485	4,613,346
DBSA @ 17%	13268/202	31/03/2018	2,763,655	-	96,569	485,205	2,375,018
DBSA @ 17%	13268/302	31/03/2018	2,524,266	-	88,204	443,177	2,169,293
DBSA @ 6.75%	102975/01	31/03/2014	576,680	-	3,287	381,332	198,635
Total Annuity Loans			11,232,853	-	375,640	2,252,200	9,356,293
TOTAL EXTERNAL LOANS			11,232,853	-	375,640	2,252,200	9,356,293

Endeavour Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
31 JULY 2014

31 MARCH 2018																
	Cost				Accumulated Depreciation				Accumulated Impairment				Carrying Value			
	Opening Balance	Additions	Assets under construction	Assets under construction Released	Opening Balance	Depreciation	Deposits	Closing Balance	Opening Balance	Impairment adjustment	Deposits	Closing Balance	Opening Balance	Impairment adjustment	Closing Balance	
Land	26,824,701				26,824,701											26,824,701
Buildings	21,972,620			49,542	22,022,462	(11,104,146)		(882,785)	(11,787,341)			(882,163)		(882,163)		9,331,328
Infrastructure - Electricity	36,885,770	1,413			36,887,183	(14,458,080)		(971,727)	(16,430,612)			(72,235)		(72,235)		21,187,136
Infrastructure - Roads	107,560,854			3,643,525	111,399,379	(29,587,287)		(3,821,068)	(33,386,335)	(584,422)	(2,738,132)	(2,890,574)		(2,890,574)		75,227,472
Assets under construction	26,722,359		16,281,126	(3,888,387)	39,095,117											39,095,117
Infrastructure - Other	6,485,809				6,151,086	(2,318,174)	314,837	(384,889)	(2,598,229)	(74,155)	(77,314)	(151,509)		(151,509)		3,402,344
Machinery & Equipment	11,353,069	733,484			9,219,522	(7,814,436)	2,082,379	(572,876)	(5,717,795)	(324,813)	(151,351)	(475,374)	569	(475,374)		3,782,412
Furniture & fittings	3,805,903	102,812			3,018,207	(3,040,540)	815,330	(188,465)	(2,411,560)	(5,772)	(21,000)	(26,772)		(26,772)		977,514
Computer Equipment	4,861,869	445,575			4,318,310	(4,482,515)	1,077,480	(181,549)	(3,586,573)	(4,005)	(28,170)	(30,176)		(30,176)		711,564
Motor vehicles	8,328,415	191,228			8,265,414	(5,014,531)	218,095	(481,774)	(3,282,210)	(182,921)	(412)	(183,333)		(183,333)		2,801,871
Leased assets	10,488				10,488	(4,505)		(2,877)	(7,462)							2,986
Housing	1,247,483				1,247,483											1,247,483
Total Property, Plant and Equipment	215,887,175	1,474,482	16,281,126	0	228,210,360	(77,883,623)	3,935,332	(7,888,871)	(80,187,246)	(1,338,808)	(3,480,881)	(4,616,181)	569	(4,616,181)		185,006,334
Intangible assets	1,506,385				915,876	(1,324,447)	477,860	(23,104)	(890,592)							46,284
Investment Properties	18,425,024				18,425,024											18,425,024
Total Assets	216,108,688	1,474,482	16,281,126	0	229,661,274	(79,207,881)	5,413,192	(7,218,879)	(81,066,837)	(1,338,808)	(3,480,881)	(4,616,181)	569	(4,616,181)		201,478,322

Endeavour Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2013

	Cost			Accumulated Depreciation			Accumulated Impairment			Carrying Value				
	Opening Balance	Additions	Revaluation of Investment property	Assets under construction	Newly identified asset	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance	Opening Balance	Impairment adjustment	Disposals
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	28,074,701				750,000	28,824,701								28,824,701
Buildings	21,972,620					21,972,620	(10,378,146)	(725,977)		(11,104,146)				10,868,474
Infrastructure - Electricity	36,942,770					36,942,770	(13,447,088)	(1,018,972)		(14,466,060)				22,476,709
Infrastructure - Roads	107,560,854					107,560,854	(28,560,782)	(3,000,455)		(31,561,237)				77,419,145
Assets under construction	1,839,602			25,082,467		26,922,069	0							26,922,069
Infrastructure - Other	6,145,725	300,364				6,446,089	(2,171,201)	(244,972)		(2,416,174)				4,029,915
Machinery & Equipment	11,012,187	342,862				11,355,049	(7,186,038)	(856,409)		(8,042,447)				3,312,601
Furniture & fittings	3,750,820	56,283				3,807,103	(2,787,688)	(272,860)		(3,060,548)				746,555
Computer Equipment	4,922,392	19,509				4,941,901	(4,242,756)	(218,160)		(4,460,916)				480,985
Motor Vehicles	7,856,416	472,000				8,328,416	(4,460,525)	(523,845)		(5,004,370)				3,324,046
Leased Assets	10,486					10,486	(1,522)	(2,865)		(4,309)				6,177
Intangible Assets	1,247,483					1,247,483	0							1,247,483
Total Property, Plant and Equipment	228,862,158	1,192,557		25,082,467	750,000	255,887,171	(21,216,448)	(8,787,287)	0	(29,003,735)				226,873,436
Investment property	1,366,305					1,366,305	(1,288,481)	(33,867)		(1,322,348)				43,957
Investment Properties	11,872,000		6,553,004			18,425,004								18,425,004
Total Assets	242,100,463	1,192,557	6,553,004	25,082,467	750,000	271,580,490	(22,504,929)	(8,821,154)	0	(30,326,083)				241,253,407

Endumeni Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2014

	31 01 30 June 2014													
	Cost / Revaluation			Accumulated Depreciation			Accumulated Impairment			Carrying value R				
	Opening Balance R	Additions R	Gain on Fair value Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	Opening Balance R		Impairment adjustment R	Disposals R		
Corporate Services	43,577,490	89,922		2,348,384	41,319,029	15,423,386	914,498	2,180,471	14,157,423	590	148,518	589	148,519	27,013,087
Financial Services	18,786,293	403,747		1,596,062	17,573,977	6,232,825	231,749	1,591,888	4,872,887	5,954	854,306		860,260	11,840,830
Municipal Manager	19,702,556	33,857		84,329	19,652,083	535,224	120,246	83,578	571,894					19,080,189
Technical Services	193,662,252	946,967	16,261,126	1,764,158	209,106,188	57,116,505	8,053,486	1,715,358	81,454,633	1,129,365	2,478,042	3,607,407	144,044,145	
Total	275,708,591	1,474,492	16,261,126	5,792,933	287,651,275	79,307,950	7,319,979	5,571,092	81,056,837	1,135,909	3,480,867	589	4,616,186	201,978,251

The appendix includes figures for Property, Plant and Equipment (note 9), Intangible Assets (note 10) and Investment Properties (note 11).

Endumeni Municipality

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

as at 30 June 2014

	2,013	2,013	2,013	2,014	2,014	2,014
	Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
	R	R	R	R	R	R
	5,204,534	25,408,552	-20,204,018	7,883,213	29,457,828	-21,574,615
	64,203,025	29,936,394	34,266,631	61,120,871	35,092,559	26,028,312
	30,595,270	17,542,410	13,052,860	25,734,849	13,947,417	11,787,432
	122,071,061	131,942,705	-9,871,644	128,474,909	147,207,553	-18,732,643
	222,073,890	204,830,062	17,243,828	223,213,842	225,705,356	-2,491,514
			Total			

The inter-departmental charges have been allocated per segment for the current and prior years.